Austria	Sch22	Indonesia	Rp3100	Oman	Or 1
Bahrain	Din0.750	Iran	Rls210	Philippines	Pso40
Belgium	BFr60	Israel	NIS3.50	Portugal	Esc140
Cyprus	C£0.90	Italy	L1700	Qatar	Qr8.50
Denmark	DKr10.00	Jordan	Fils.500	S.Arabia	Rls7.00
Egypt	E£3.25	Kuwait	Fils.500	Singapore	S$4.10
Finland	Fmk7.00	Lebanon	£S50.00	Spain	Pta145
France	FFr7.50	Lux	LFr50	Sweden	SKr10
Germany	DM2.30	Malaysia	Rin4.25	Switz	SFr2.40
Greece	Dr120	Morocco	Dh8.50	Thailand	Bt50
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.900
Iceland	Ikr125	Nigeria	Naira10	Turkey	L800
India	Rup15	Norway	Nkr16.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WEST GERMANY

Stormy outlook for labour relations

Page 14

World News

Sri Lankan troops arrest 2,000 in rebel south

Sri Lankan troops detained 2,000 people described by security forces as "subversive" members of the left wing nationalist People's Liberation Front, in a move that led to a fall in violent clashes around the capital. Page 4

SA rand slides

South Africa's investment currency – the financial rand – has fallen to new lows as financial markets reacted to rumours of restrictions on foreign investment in government stocks. Page 16

Kohl shake-up

West German Chancellor Helmut Kohl continued a shake-up of the ruling Christian Democratic Union by naming Volker Rühe, a leading conservative foreign policy specialist, as the party's new general secretary. Page 16

E German on reform

East Germany's top ideologist, Otto Reinhold, said political change in the hardline Communist state would effectively rob it of its reason for existing.

Bulgarian Turks

Bulgaria accused Turkey of playing "a dirty political game" by closing its border to stem an exodus of ethnic Turks, but said it was ready to discuss the issue with Ankara.

E German shot

An East German trying to cross illegally into Austria was shot dead in a scuffle at a section of the border where the "Iron Curtain" has been torn down.

Tear gas used in SA

Police fired tear gas and rubber bullets in clashes with mixed-race Coloured school children in Cape Town.

PLO calls for action

Palestinian leader Yassir Arafat said the PLO might rethink the peace drive it launched in November unless the US and Israel respond to it.

Britain snubs Iran

Britain rejected a conditional Iranian offer to restore diplomatic links, broken during the Salman Rushdie affair, saying Tehran was intefering in its internal affairs. Page 4

Soviet ship sinks

Two sailors were killed and a third was injured after a Soviet minesweeper exploded and sank in the Black Sea.

Asian timber links

Malaysia and Indonesia said they would work together to counter growing attacks by environmentalists that they are destroying their forests.

Black Panther killed

Huey Newton, co-founder of the militant Black Panther civil rights movement in the 1960s, was shot dead in California.

Censorship in India

The northern Indian state of Jammu and Kashmir introduced legislation to impose press censorship after a further surge of violence in the Kashmir valley. Page 4

A rare catch

Italian fishermen netted off the coast of Gaeta, a 1.6 metre high, perfectly-preserved earthenware jar thought to date back to ancient Roman times.

Business Summary

Nixdorf posts DM297m fall, denies it is seeking help

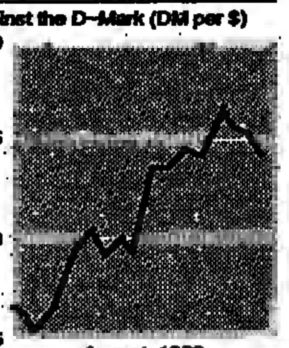
NIXDORF, West German computer group, reported a DM297m ($152m) pre-tax loss for the first half of 1989, compared with a DM26m loss in the first half last year.

Amid continued speculation the company may be a takeover candidate, Klaus Luft, Nixdorf chairman, said he is not seeking a stronger partner to provide financial support. Page 17

FOREIGN Exchanges: the dollar lost ground against the D-Mark in London, closing one pfennig lower at DM1.9415. The D-Mark's relative weakness was brought about by fears that West German interest rates might be raised at tomorrow's meeting of the Bundesbank Council. Page 34

Dollar

Against the D-Mark (DM per $)



HONGKONG and Shanghai Banking Corporation reported first-half profits of HK$1.93bn ($247.4m), up 15.3 per cent from the period last year. Page 17 and Lex, Page 16

BOOTS, UK retail and pharmaceutical group, won control over Ward White, auto parts and DIY retailer, after a £900m ($1.41bn) bid battle. Page 17

OUTOKUMPU, state-owned Finnish natural resources group, gained a foothold in Chile in a $48m deal to build a copper treatment plant with Antofagasta, UK listed company. Page 19

CAISSE de Depot, which manages C$32bn ($27.3bn) of Quebec's pension plan and other public sector funds, won a battle for Steinberg, Montreal-based food distributor and property empire, with a bid worth C$1.33bn. Page 19

CANON, Japanese camera and business machine maker, lifted pre-tax profit 14.6 per cent to Y22.5bn ($158m) for the first half to June. Page 19

COMALCO, Australian aluminium company which is 67 per cent owned by CRA, reported stagnant interim profits at A$180m ($139m) for the six months to June, virtually unchanged from the A$180.8m in the same period last year. Page 19

MERLONI, Italian white goods group which produces the Ariston and Indesit brands, is to buy control of Scholtès, French producer of up-market kitchen hobs and ovens. Page 18

SCANDINAVIAN Bank, London-based consortium bank, announced pre-tax profits of £7m ($11m) for the first half of 1989, down from £11.4m a year ago. Page 16

SANDVIK, Swedish cemented carbide and special steels group, said first-half profits (after financial items) rose 20 per cent to SKr1.48bn ($224m) from SKr1.23bn. Page 18

SUN Hung Kai and company, Hong Kong-listed financial services group controlled by the Fung family, reported first half profits of HK$103.09m ($13.2), up 24.4 per cent from the same period in 1988. Page 21

PAKISTAN: Chinese group Dongfong Electric won a $70m contract to build Pakistan's first thermal power plant to be based on fluidised bed combustion technology. Page 6

Colombia launches test case to extradite top drug traffickers

By Sarita Kendall in Bogota and Lionel Barber in Washington

THE Colombian police yesterday started proceedings to hand over to the US a person detained in its vast anti-drug offensive, and the US is hoping that other, more senior figures involved in the cocaine trade will follow.

Mr Educardo Martinez Romero, a 35-year old economist alleged to be involved in finance for the powerful Medellin drug cartel, was captured near Sincelejo, capital of the northern Department of Sucre and taken to Bogota. He is wanted in the US on charges of laundering drug money.

The US Justice Department is reviving numerous indictments against suspected members of the cartel, according to officials in Washington. This is intended to show that the US is ready to put drug traffickers on trial, should the Colombian Government succeed in capturing and extraditing leading drug figures.

High on the list of indictments are 12 leading members of the Medellin cartel in Colombia, which is estimated to supply more than 80 per cent of the market in the US.

Mr Martinez will be a test case for the new extradition procedure, announced by President Virgilio Barco last Friday after Senator Luis Carlos Galan, a presidential candidate, was murdered on Friday.

Mr Martinez is a second rank figure. Mr Dick Gregory, former US Attorney who ran the narcotics section in Miami, alleged that the man arrested is a money launderer who is significant in Atlanta. "But the financial leader of the cartel, the controller of the cartel, is a man they call Jota, which is a nickname for 'Jay'."

Mr Gregory added: "I think we have got to be very careful; if they send us back one middle-level money launderer that should not be satisfactory."

Colombian police say they have received unprecedented co-operation from ordinary people and are now following up intelligence leads to try and reach top traffickers. But the biggest fish are almost certainly over the horders, in neighbouring countries.

The scale of the operations hy the Colombian police is staggering. More than 80 ranches and houses owned by trafficking groups have heen raided. According to national police headquarters yesterday, 10,972 people had heen detained in 467 raids. Authorities impounded 1,140 cars and trucks, 22 yachts, 135 aircraft and 15 helicopters.

The grotesque opulence of many confiscated properties has been played up, with Colombian newspapers and television showing luxurious mansions adorned with swimming pools, giraffes, squash courts and gold taps.

Although the seizure of the traffickers' bunkers, transport vehicles and ranches curtails their activities, it is by no means a mortal blow. In the last decade the cartels have grown from localised cocaine-making and shipping groups to regional chiefdoms. The murder of Senator Galan, the man most likely to have been Colomhia's next president, amounted to a bid for power.

Analysts are already pointing at the areas untouched in the current onslaught against the traffickers – such as the right-wing drug financed armies – and questioning how long the Government will remain on the attack.

Party Politburo backs participation in Polish coalition government

By John Lloyd in Warsaw

THE ruling Politburo of the Polish United Workers' (Communist) Party yesterday approved the party's participation in a "grand coalition government" under Solidarity leadership.

The decision was taken after a 45-minute telephone conversation between Mr Mikhail Gorbachev, the Soviet leader, and Mr Mieczyslaw Rakowski, the Polish Communist leader.

A party official quoted Mr Gorbachev as saying that he hoped the changes under way in Poland would serve to stabilise the country.

Mr Tadeusz Mazowiecki, Solidarity Prime Minister-designate, whose confirmation by the Sejm, or lower house, was postponed from today to tomorrow, held a hectic round of talks with; among others, Mr Marian Orzechowski, the Communist parliamentary group leader, and General Czeslaw Kiszczak, who was was briefly Prime Minister. Gen Kiszczak resigned last week after failing to form a Communist-dominated government.

Mazowiecki: arriving yesterday at Warsaw's parliament building

The Communists appeared to have retreated from the aggressive line taken by the central committee on Saturday, hut its final position depended on it being given "a fair share of the responsibility which is adequate to our standing."

It emerged yesterday that most of the Solidarity leadership is reconciled to offering the Communists four or five seats in a Solidarity headed cabinet, including the sensitive post of foreign affairs and a deputy prime ministership. It has already been agreed that the Communists will assume control over the defence and interior ministries.

Mr Lech Walesa, the Solidarity chairman, yesterday criticised the "threats and blackmail" contained in the central committee statement and called on the Communists to co-operate with Solidarity on a "programme of deep reforms."

Delicate bargaining will surround the foreign affairs portfolio, which the Communists see as vital in safeguarding Poland's ties with other socialist countries and its place within the Warsaw Pact and Comecon, the East Bloc economic grouping.

However, some in Solidarity believe it must take that post if it is to be seen to be effecting any changes in the country's international posture.

Solidarity may pursne a strategy of using the foreign ministry as the main bargaining chip with the Communists taking foreign affairs in exchange for other concessions.

The United Peasants Party and the Democratic Party, the Communists' former coalition partners whose defection to Continued on Page 16

Monopolies body urges UK credit card reform

By David Barchard in London

FAR–REACHING changes for British consumers and retailers could follow yesterday's recommendation by the Monopolies and Mergers Commission that traders should be free to charge different prices on cash and credit card sales.

However, in a 200–page report prepared after a two-year investigation, the Commission conceded that the credit card industry had become mnch more competitive than in the past and that a new regulatory framework was not necessary for the industry.

The report decided against recommending the introduction of annnal charges for credit cards, saying that banks should be able to experiment with different means of pricing their services. A number of banks are known to be considering such charges and had hoped that the report would pave the way for such a move.

Despite the commission's decision not to recommend annual charges, Lloyds Bank said yesterday it would impose annual fees for its Access credit cards in the New Year.

The report also saye that banks, as soon as they join a credit card organisation, should be free to sign up retail outlets for credit card services. Announcing the report's findings yesterday, Mr Nicholas Ridley, the Trade and Industry Secretary, said that he had already given his approval to this proposal.

The recommendation follows a dispnte this spring when Visa International, the credit card payment system, ordered Continued on Page 16

Editorial comment, Page 14, Lex, Page 16

Rise in orders reflects strength of US economy

By Janet Bush in New York and Anthony Harris in Washington

A RISE in US orders for civilian capital goods for July and a sharp upward revision in June's durable goods orders gave further evidence of the economy's continned strength yesterday.

US bond and equity markets fell on the news, fearing that this would limit the room for a further US interest rates cut.

Durahle goods orders are estimated to have fallen hy 1.9 per cent in July, seasonally adjusted. But more than half of the fall was due to a relapse in defence orders which fell hy 14.7 per cent after rising 17.4 per cent in June. Non-defence capital goods orders, considered a barometer of fnture spending on plant and equipment, rose hy 5 per cent.

The markets were also impressed by a large revision of the June figures, which now shows a rise of 1.4 per cent in durable goods orders, np from a report of 0.4 per cent when the figures were first announced. This extends a pattern of strong upward revision in first estimates of sales, output and employment growth in recent months. Much of the rise in the civilian sector was dne to continued strong aircraft orders, which explained much of the 5 per cent rise – after 5.1 per cent in June – in orders for civilian capital goods. The aircraft industry also accounted for much of the 1.7 per cent rise in unfilled orders for durable goods.

Shipments of durable goods fell by 3 per cent, the third snccessive monthly decrease. The main factor was a sharp fall in car shipments, as the industry continued to struggle with swollen inventories.

Orders for consumer durables have been weak now for five successive months, largely due to motor industry problems.

Having risen initially on unexpected news of a 1.9 per cent fall in July orders, US Treasury bonds then slumped back as traders focused on the upward revision in June and strong gains in non-defence orders over the past two months.

At midsession, the Treasury's henchmark long hond was quoted ¼ point lower to yield 8.195 per cent.

Dominating sentiment in both the bond and stock markets is a growing belief that the recent run of US economic data has severely reduced scope for a further easing in monetary policy.

The durahle goods orders were particularly sensitive for markets as the Federal Open Market Committee, which has the prerogative to set a target for Federal Funds, the rate at which banks lend to each other overnight, started its regular monthly meeting.

The Dow Jones Industrial Average dropped more than 20 points yesterday morning, adding to its loss of more than 40 points on Monday, before recovering some ground. At midsession, it was down 6.26 at 2,640.74.

The dollar also fell in very thin trading, as dealers considered rumours of a possible rise in West German interest rates. It was quoted at its day's lows at the New York midsession at Y142.20 and DM1.9380 compared with earlier peaks of Y143.30 and DM1.9625.

World Stock Markets, Section II

Philips' sale to Thomson-CSF signals exit from defence sector

By David White, Defence Correspondent, in London

PHILIPS, the Dntch-hased electrical and electronics group, is to sell a large part of its defence interests to Thomson-CSF of France and is expected to dispose of tha remainder in a strategic exit from the military market.

Under plans announced yesterday, the state-controlled French group is set to take a majority share of about 80 per cent in Hollandse Signaalapparaten (HSA), a 40 per cent stake in the defence business of Belgian offshoot MBLE, and the defence side of the Philips-controlled French company Télécommunications Radioelectriques et Téléphoniques (TRT).

Analysts estimated the value of the transfers at over £200m ($314m). The three companies involved hed total combined sales of some £720m last year.

At the same time, Philips' West German subsidiary said it was negotiating with several companies to sell its defence interests in that country. Philips revealed it was also in discussions with North American companies over its US offshoot Magnavox Government and Industrial Electronics Company, and said it was considering the future of its UK defence arm MEL.

MEL, employing about 1,400, is a supplier of electronic warfare equipment for the Royal Navy and is active in secure communications and radar.

The deals with Thomson-CSF are due for completion by the end of the year once plans have been scrutinised by governments. They follow rumours in France which led to the suspension of TRT shares in Paris on Thursday. The shares will remain suspended until further notice. The plan would involve splitting defence activities, which make up two-fifths of turnover, from the rest of the company.

Philips based its decision on the need for concentration in the increasingly competitive defence industry and the steep rise in the cost of developing military systems. The group had already sold its Swedish subsidary Philips Elektronikindustrier to Bofors, part of the Nobel group.

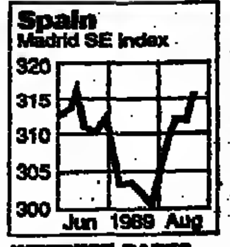
The latest moves reflect the well-known ambition of Thomson-CSF, the largest European company in the defence electronics field with sales last year of FFr30.65bn ($4.6bn), to strengthan its non-French base.

They follow closely on the renewed hid hy the British GEC group and Siemens of West Germany to take over Plessey and divide thet company's defence activities between them.

Philips said it would negotiate with the Dutch government on the 1 per cent stste shareholding in HSA. The company, employing 5,300, is involved in naval command systems, military communications, weapon fire control and naval command systems, of which it is a big exporter. The transfer would exclude the high-security coding activies of its Philips USFA offshoot.

MARKETS

Spain
Madrid SE Index



INTEREST RATES
US lunchtime
Federal Funds 8⅞% (same)
3-mth Treasury Bills: yield: 8.302% (8.155)
Long Bond: 99 3/16 (99 11/32)
yield: 8.192% (8.178)
London
3-month interbank: close 13⅞% (13 13/16-13 15/16)

STERLING
New York lunchtime
$1.5855 (1.5715)
London:
$1.5845 (1.5785)
DM3.0775 (3.0800)
FFr10.3825 (10.3875)
SFr2.6525 (same)
Y225.75 (224.75)

DOLLAR
New York lunchtime
DM1.9405 (1.9585)
FFr6.5525 (6.6050)
SFr1.67385 (1.6865)
Y142.475 (143.175)
London:
DM1.9415 (1.9515)
FFr6.5565 (6.5800)
SFr1.6735 (1.6805)
Y142.55 (142.40)

GOLD
New York latest Comex Dec
$374.5 (374.6)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av.
2,637.14 (-9.86)
S&P Comp
339.88 (340.59)
London:
FT-SE 100
2,370.8 (-3.9)
World:
152.05 (Mon)
Tokyo
Nikkei Ave
35,114.35 (-26.46)
Frankfurt
Commerzbank
1,974.4 (+4.4)

OIL
Brent 15-day (Argus)
$17.20 (+0.11) (Sept)
West Tex Crude
$18.775 (+0.27) (Oct)

CONTENTS

US Budget Director becomes Administration's philosopher

Mr Richard Darman, US Budget Director, by questioning what he calls America's collective short-sightedness, its obsession with here and now and reluctance to address the future, has become the White House philosopher
Page 16

Rühe ties his future to that of Chancellor Kohl

By David Marsh in Bonn

MR VOLKER RUHE, the foreign policy expert who is due to take over as the Christian Democrats' general secretary next month, will be moving into one of the country's hottest political jobs.

Mr Rübe, a reserved and competent Nortberner from Hamburg, has won his political spurs as vice-chairman since 1982 of the conservative parties' parliamentary grouping in the Bundestag.

A familiar figure on the international conference circuit, be speaks fluent English and – relatively unusual for prominent Christian Democrat politicians these days – he has establisbed good contacts in Washington.

He can, however, be a tough and uncompromising customer. Mr Rühe stood up firmly against a Nato plan, firmly backed by the US and Britain, to decide this spring on the "modernisation" and stationing of sbort-range Lance nuclear missiles on West German soil.

Tbe proposal was sniccessfully beaten back by Mr Kohl just before the Nato summit held in May. Mr Rühe is credited witb coining the phrase "tbe shorter the range, tbe deader the Germans" – a slogan whicb gained nationwide appeal, highlighting the new and passionate German aversion to nuclear weaponry.

The general secretary-designate, who started his political career as an education expert, will now have to slip into a much higher organisational gear.

In taking over from Mr Geissler, a controversial election-manager and master of below-the-belt political invective, Mr Rühe will be in the firing line both within the party and outside.

In the row over Mr Geissler's abrupt dismissal, Mr Kohl dafended the sacking and voiced optimism that the party quarrel would blow over.

He tried to present the choice of Mr Rühe, 46, as introducing fresb blood into tbe leadership of tbe CDU, ratber than as a deliberate move to tilt the party further to the right.

Mr Rühe bas in the past been suspected by some on the rigbt of harbouring views uncomfortably close to those of Mr Hans-Dietrich Genscher, tbe Foraign Minister – an impression he has lately been trying to correct.

Mr Rühe, due to take over after the Christian Democrats' party congress next month, last night attempted to heal the rift by stressing that the CDU would remain in the political middle-ground.

Mr Rühe, regularly in Mr Kohl's entourage on the Chancellor's foreign trips, is now tying his own future very firmly to that of the CDU chairman.

The leader of a younger group of CDU foreign policy specialists, Mr Rühe regrets that the Bonn Foreign Ministry, for 20 years, has been in the hands of the Free Democrats.

He was mentioned in 1988 as a candidate to take over as Defence Minister, but Mr Rühe's main ambitions are known to focus on the Foreign Ministry post occupied for 15 years by Mr Genscher.

At his press conference yesterday, Mr Kohl brushed aside speculation that this was the job Mr Rühe really wanted. Over the next year, Mr Rühe will find his work leaves him little time for foreign affairs. If he succeeds, that prize could come later.

Chancellor Helmut Kohl: the unresolved "German Question" of national division now on the agenda of international politics

Swedish rail strike poses threat to industry

By Robert Taylor in Stockholm

A SNAP unofficial strike by most of Sweden's 3,500 train drivers bas paralysed the country's railway system and threatens to damage manufacturing industry if it continues much longer.

The strikers, who halted work on Monday, want a pay rise of SKr13,000 ($2,300) a year and the retirement age to remain at 60.

But they bave been condemned for tbeir disruptive behaviour by their own union – the 212,000-strong State Employees. Mr Curt Persson, the union's general secretary, said yesterday that negotiations were taking place with tbe state railway employers and was adamant in ruling out separate agreements for small groups in the union.

The leader of the wildcat strikers, 59-year-old Mr Gosta Bengtsson, yesterday apologised for "being forced" into taking such action. "We have been driven into a corner and our only chance is to achieve our own demand," he said.

Nevertheless, signs of a compromise do not seem far off. The union is ready to accept that the retirement age sbould be increased from 60 to 65 years to enahle railmen to receive the same high level of pensions enjoyed by those in the private sector.

The drivers oppose this and want to retain a retirement agreement dating from 1856, while at the same time improving their pensions. The union supports the pay rise and it is ready to back retirement at 60 if it is found that drivers over that age are a risk to safety.

Many Swedish companies, particularly in steel and vehicle production, and in forestry and mining, will be hit badly over the next few days because the railways are vital for the transportation of raw materials, components and finished products.

The state railway company estimates the strike is costing it SKr30m a day and is worried that customers will move into *road transport* and so lose the network future business.

Brutal political arithmetic behind Geissler's fall

David Marsh reports from Bonn on Chancellor Helmut Kohl's *strategy for political survival*

CHANCELLOR Helmnt Kohl yesterday did his best to justify the surprise switch of general secretaries at the helm of West Germany's Christian Democrats (CDU) by remarking that it was time for a new generation to take over.

Birth dates, however, played only a small part in the calculation behind Mr Kohl's move to replace Mr Heiner Geissler, 59, with Mr Volker Rühe, 46. Clinching Mr Kohl's decision, taken against the advice of a a sizeable number of ministers and party bosses, was the considerably more brutal arithmetic of political power.

In choosing Mr Rühe as the man to carry the CDU's banner into a range of hruising regional polls next year, culminating in the general election at the end of 1990, Mr Kohl is playing for high stakes spreading well beyond his own political destiny.

Not only the make-up of the next government, but also the strategic and economic policies as an increasingly assertive West Germany follows towards its European neighbours, now hinge on the outcome of the power struggle under way in the CDU.

Mr Kohl seems to have recognised that the mould of West German politics has changed. With the establishment of the Greens ecology party and the emergence – for the first time since 1949 – of parties on the far Right with strong protest appeal, the Federal Repnhlic has moved to a de facto five party system.

The opening towards the radical fringes has badly aqueezed the two main political groupings which have shared governmental responsibility – normally in coalition with the liberal Free Democrats (FDP) – over the past 40 years.

Both the established parties – the Christian Democrats together with their Bavarian sister, the Christian Social Union (CSU), and the Social Democrats – command the support of well under 40 per cent of the electorate, according to latest election results.

Mr Kohl yesterday was at pains to deny any intent to shift the Christian Democrats from their traditional stand of defending the middle ground.

He also firmly rejected suggestions that he ejected the general secretary in collaboration with the CSU, which has long criticised the social democratic-leaning Mr Geissler for steering too leftwards a course.

But the Chancellor seems to have decided to try to re-focus the CDU's policies more on traditional right-wing issues. Also, by showing the rebellious Mr Geissler the door, he has demonstrated firmly who is in charge of the party.

Mr Kohl's gamble is not totally without hope. If the Chancellor can re-assert personal authority, and if Mr Rühe can work miracles in galvanising a demoralised party apparatus, the present coalition with the FDP could pull off the feat of remaining in power next year.

But the odds against Mr Kohl are also mounting. The Chancellor will face jibes from the Social Democrats that he has removed Mr Geissler to satisfy the far-Right Republicans, whose leader, Mr Franz Schoanhuber, has repeatedly called for Mr Geissler's dismissal.

Within the CDU itself, Mr Kohl will have to stand np to a battery of Geissler loyalists, including restive ministers and party grandees such as Mr Norbert Blnem, the Employment Minister, and Mr Lothar Spaeth, the Prime Minister of Baden-Wuerttemberg. Many will query the sense of replacing the CDU's most senior party manager and strategist with an able but relatively untried successor so close to the 1990 poll.

The number of Mr Kohl's potential adversaries within his own party has grown since Monday. Not all of the enmity is likely to come to the surface at the CDU's party congress in Bremen next month, at which *Mr Geissler* will be formally displaced.

Mr Kohl, bronzed after his Austrian summer holidays, as ever had no doubt yesterday that his decision was the "right" one. But should Mr Rühe's nomination fail to stem the flow of votes to the fringes, in 12 months time the CDU party knives will be glinting ever more venomously in the direction of Mr Kohl's broad back.

Prague in attack on foreign rally supporters

By Leslie Colitt in Prague

STUNG BY support from the Hungarian and Polish opposition for a large protest demonstration in Prague on Monday, the increasingly isolated Czechoslovak leadership yesterday lashed out against the opposition in both communist countries.

Rude Pravo, the party newspaper, said the "anti-state confrontation" to mark the anniversary of the Soviet-led occupation in 1968, gave evidence of what it termed was a broader "internationalisation."

The number of foreign tourists who came to Prague on August 21 was "very suspicious," the official party daily said. In particular, it singled out the Hungarians and, reportedly, Polisb Solidarity activists. Rude Pravo also accused western journalists of creating an atmosphere of psychosis and of propagating "destabilisation" in Czechoslovakia.

Ordinary Czechoslovaks, however, appeared to ignore the official rumblings and to dismiss the demonstrations as the work of spoiled young people.

"Will it achieve more cars, more computers?" Mr Jiri Prohaska, an engineer, asked of Monday evening's protests. It is the slow but steady deterioration of the economy which has become a prime concern of the man in the street. Elderly Czechoslovaks remember when their country was a European industrial power while the young generation sees it falling hopelessly behind the West.

Mr Karel Dyba of the respected Institute of Economic Forecasting in Prague, said the economy was stagnating while long-term tendencies of "decay" continued. The leadership's much-touted economic reforms were making little progress as the "political will" to carry them out was absent in the conservative leadership.

To the casual observer in Prague, however, signs of modest prosperity abound. Food shops are filled with affordable meat, a wide range of household appliances is available and new model Skodas and Ladas are everywhere in evidence, although in short supply. Mr Dyba, however, warned that this standard of living was being unofficially maintained at the "cost of the future." Without deep ongoing reforms it will become untenable and the leadership will have a major problem on its hands.

Mass protests to mark Baltic pact anniversary

FUEL shortages hit the Armenian capital of Yerevan yesterday as strikes in neighbouring Azerbaijan entered their second day and bundreds of tbousands demonstrated in tbe city of Baku, Renter reports from Moscow.

The unrest and shortages increased tensions in tbe Soviet southern republics, wbere ethnic turmoil has already claimed more than 100 lives among Armenians and rival Azeris in tbe last 18 months.

Also yesterday, a parliamentary commission in Lithuania denounced tbe Red Army's occupation of tbe republic in 1940, tbe strongest challenge so far to the legitimacy of Moscow's power in tbe three Baltic republics.

Mass protests are planned across Estonia, Latvia and Lithuania today to mark the 50th anniversary of tbe secret Nazi-Soviet deal whicb led to the region's annexation by the Soviet Union.

In the Moldavian industrial city of Tiraspol, mainly Russian-speaking workers went on strike yesterday to protest against a proposed language law, tbe Soviet news ageucy, Tass, said. Tbe workers rejected any move to force wider use of Moldavian.

A spokeswoman from the official Armenpress news agency said from Yerevan: *"There is practically no fuel at* all in the republic."

Sbe said recent unrest in Soviet Georgia bad forced diversion of supply trains througb Azerbaijan, where they were subject to attacks by Azeris seeking to keep the pressure on Armenia.

A spokesman for the Azerbaijani Foreign Ministry told the Reuter news agency that scattered strikes were continuing in Baku, the capital, but transport and the city's important oil industry were working normally.

Tass said that some 25 enterprises were closed, covering about 10 per cent of Baku's workforce.

But Mr Nazim Ragimov, a member of the unofficial Azerbaijani Popular Front, whicb called the 48-hour work stoppage, said tbe protests bad shut down 90 per cent of Baku's industry, with a few scattered stoppages in Sumgait.

Mr Ragimov said more than 500,000 people bad gatbered yesterday evening in the latest in a series of rallies and that a call for a general strike to begin in early September was likely. The full extent of the labour unrest and the size of the rally could not be independently determined.

Mr Ragimov said oil workers bad generally not supported the Popular Front's call for a strike, noting military control of the oil fields had left workers *little choice* but to work.

Exports lift Danish economy

By Hilary Barnes in Copenhagen

DENMARK'S economy appears to be emerging from more than two years of stagnation, thanks to a boost in exports, according to the latest official statistics. However economists are still looking for a recovery in investment.

Manufacturers' export orders increased by 16 per cent during the first six months of the year while export deliveries were up by 13 per cent, against the same period last year. The first-half trade surplus, excluding shipping, rose from DKr 2.39bn in 1988 to DKr 4.96bn (£417m).

The release of the figures coincides with publication of a report by the Federation of Danisb Industries which calculates that industry's competitiveness has significantly improved.

The Federation says wages in manufacturing bave increased by 4 per cent in the last year which is in line with, or sligbtly lower tban, Denmark's main competitors.

Meanwbile, domestic demand remains slow. New domestic orders for manufactures in the quarter to May increased by only 5 per cent. Retail sales volume in the first half of the year was 1 per cent higher than last year.

I G Metall faces big test of strength

By David Goodhart in Bonn

THE long, unchallenged power of one of Europe's strongest trade unions, the West German I G Metall, could be broken if it strikes next year for the 35-hour week, according to a senior official of the union.

Mr Jörg Barczynski, the union's spokesman, says that following a change in the law on strikes "nobody knows how workers will react during a dispute. They might march on Bonn, burn down the employment offices, or even turn against the union."

The Federal Labour Law was changed after I G Metall's last successful strike of 1984. A new paragraph has been added stating that workera laid off because of a dispute from which they may gain are not eligible for state benefit.

The legislation aims to counter I G Metall's tactic of calling out on official strike a few factories, particularly those in the motor parts industry, with the potential to bring the whole motor industry quickly to a standstill.

Despite the new legislation, Mr Barczynski believes the union can fight and win a dispute next spring. One of the first disputes is likely to focus on the issue of weekend working. However, he stressed that the union welcomed negotiations on more flexible working hours during the week as long as the weekend remained free.

"The vast majority of workers in the metal sector do no shift work. We are quite happy to negotiate many more one-and-a-half or two-shift systems if employers want to run their machines for longer," he said.

It also seems that if the union does reach its goal of the 35-hour week, it will shelve the issue of working hours for the forseeable future. As it is, the union leadership is already divided about whether to accept 35 hours; however, it seems that those in favour are in the majority.

For their part, the employers are divided between the more militant smaller companies, which control the regional association in North Rhine Westphalia, and the larger multi-nationals which can usually afford to make concessions and which dominate the association in Baden-Württemberg.

In addition to the possibility of strike action next year, employers also fear a growing skill shortage.

According to Mrs Ursula Engelen-Kefer, a senior official of the Federal Labour Office, the negative effects would be felt most by those small companies who worry that their expensively-trained staff would be poached by the bigger ones.

"The Metal Employers Federation intends to bring the issue up during next year's negotiations by proposing that workers use any time cut from the current 37-hour week for re-training. I G Metall will also insist that any such re-training is carried out in company time along the lines of the existing agreement with the Baden-Württemberg association.

Meanwhile, the Bundesbank's latest report on the labour market makes a strong appeal for more regional differentiation in pay. The report points out that Germany's highly centralised bargaining system prevents workers in northern Germany – where unemployment is relatively high – from pricing themselves into jobs.

Metall bashing time, Page 16

Poll lead for Dutch centre-right parties

By Laura Raun in Amsterdam

THE Christian Democrat-Liberal coalition Government in the Netherlands would keep its governing majority if elections were held now, according the latest opinion poll.

The poll, conducted by the Interview company, will be published later this week, as the country's political parties *get down to some serious campaigning* for the elections on September 6.

The current trends suggest that the centre-right coalition would win at least 78 of the 150 seats in tha Tweede Kamer (Parliament).

Mr Ruud Lubbers' Government collapsed last May when the Liberals withdrew their *support after a disagreement* on how to finance an ambitious environmental policy.

● Toxic chemicals may have made North Sea seals prone to a virus that nearly wiped them out last summer, according to research published in the Netherlands, Reuter reports from Amsterdam.

The two-year study found *that seals with high levels of* polychlorinated biphenyls (PCBs) suffered from serious Vitamin A deficiency and reduced thyroid hormone substances linked to the efficiency of the immune system.

The study was conducted by Wageningen University, the Research Institute for Nature Management, and the Department of Estuarine Ecology.

Norwegian TV debate benefits far-right

By Robert Taylor in Stockholm

NORWAY'S Prime Minister, Mrs Gro Harlem Brundtland, could face an upset at next month's elections, if public reaction to the first big television debate is anything to go by.

The emerging consensus is that Mr Carl I. Hagen, the charismatic leader of the populist right-wing Progress Party, swept the boards during the debate earlier this week and the betting is that he could even defeat Mrs Brundtland's incumbent minority Labour government on September 11.

The telephone opinion polls taken immediately after the programme by the MMI poll organisation for Norwegian Television were unanimous in giving Mr Hagen 44 per cent of the vote but only 32 per cent to Mrs Brundtland, a sharp and formidable debater.

Another poll, run by Dagbladet, the morning daily, widened the gap, giving 49 per cent and 37 per cent respectively.

Current trends seem to suggest that Mr Hagen's party could for the first time even outstrip the Conservatives, thus becoming Norway's second biggest party with a 22 per cent backing. At the moment, Labour holds 31 per cent of the vote.

The volatility of the Norwegian electorate appears to be helping Mr Hagen, who is a keen advocate of free market economics, tighter immigration controls and tougher policies on law and order.

Families are divided as Turkey reluctantly closes the door

Jim Bodgener records the human misery as the last of the refugees cross at Kapikule, on the Turkish-Bulgarian border

THEY could just be seen, dimly under the lamps on the Bulgarian side, buncbed up against the barrier. Twenty minutes remained before the Turkish authorities closed the border.

"They are waiting to cross," said a Turkish border guard grimly. "They are crying – a father on tbat side, his child on this."

The shuttle of carts and trolleys grew frantic as the 2 o'clock deadline neared. Still they came, the roof-racks of their cars laden with suitcases, bicycles, cots, mattresses, dining chairs and tables.

Many had been on tbe road for five days or more, the end at last in sight.

The influx bad slowed from the previous day, the last of an open-door policy towards refugees. More than 3,500 had hurried across with their patbetic loads, swelliog the numbers driven into Turkey since May to about 320,000, one of the largest cross-border movements of population in Europe since the Secood World War.

Some, especially tbe leaders of the *Turkish minority, had beeo expelled* by tbe Bulgarian authorities wbo have unflinchingly adhered to the official policy that no ethnic Turkish minority existed in Bulgaria.

The number that had crossed by Monday was significantly more than tbe 300,000 cut-off point tacitly understood by Turkey at which Bulgaria would balt tbe exodus. It was in the face of this unrelenting influx, and its strain on schooling, homes and employment in north-west Anatolia, that the Turkish Government took an emergency decision early on Monday "temporarily" to stem the flood.

The decision was seen by some as pressure on Bulgaria to negotiate a comprehensive and orderly emigration agreement for those amongst the remainder of Bulgaria's 1m-strong Turkish minority who might want to vote with their feet against effacement of their religious and ethnic identity.

Witb five minutes to go, a burly young driver raised a clenched fist crossing the line, and let forth the Islamic greeting: "Salaam alleikum." Faces streaming, a mother and child broke from the crusb of officials and reporters and threw their arms joy*fully* around busband and father, reunited.

Two o'clock. The jalopies and carts kept trundling in, the dejected security men loth to turn them back. With sagging shoulders the governor of the Turkish border province of Edirne, Mr Unal Erkan, took over. Two grizzled peasants and their headscarved wives pleaded under tbe cameras and headlights – it proved too much, and the governor waved them through.

Tbe last across was Mustapha Mestanoglu, a miner. Caught out by the deadline, he had been allowed by the governor to return to pick up his car and young son sleeping in the back seat. Hugging his wife, he exultantly saluted his new country.

But behind him, a young girl wept pitifully. "My brother and father didn't wake up."

An hour late, the governor gave tbe final word. A commotion of lights, cameras and micropbones surrounded the indignant driver of the first car refused entry, 15 paces from his goal.

Then, as if by agreement, no more cars or refugees were let go by the Bulgarian authorities. Quiet settled over tbe border compound. "In the morning, it's back to normal," said the governor tiredly.

Ethnic Turkish families queue at the Turkish border at Edirne just before the deadline: some had been on the road for five days or more

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AMERICAN NEWS

Mexican steelworkers defy union with strike

By Richard Johns in Mexico City

MORE THAN 5,000 Mexican steel workers went on strike yesterday in defiance of their union leadership, threatening Mexico's attempts to keep the lid on wage rises.

The workers, at the state-owned Las Truchas steel complex at Lazaro Cárdenas in the state of Michoacan, are striking in support of their demand for a 60 per cent wage rise.

They do not have the blessing of Mr Napoleon Gomez Sada, the head of the Union of Mining and Metal Workers of the Mexican Republic (STMMRM). Mr Gomez and the union's executive committee had decided on a 30-day extention of strike notice to allow negotiations to continue.

The strike was promptly branded as "non-existent" - whether unofficial or legal - by Sidermex, the parastatal parent company.

Militant action by members of the STMMRM emphasises increasing pressures at grass-roots level for better pay and conditions after six years of susterity during which average real incomes have fallen by up to 40 per cent. Earlier this year, many of Mexico's teachers also went on strike without the blessing of the union.

The strike constitutes another serious challenge to the Pact for Economic Stability and Growth which was extended in June until the end of March. Initially it limited the rise in the minimum wage to 8 per cent, and on its renewal business and labour leaders undertook to restrain increases.

The highest settlement achieved this year, including fringe benefits, is believed to be one of about 29 per cent by pharmaceutical workers.

Like the dissident teachers, the STMMRM members have also raised the vital question of how far the state and the ruling Institutional Revolutionary Party (PRI) can continue to control the labour movement through the power of favoured and privileged union leaders.

PRD presses on with poll protest

SUPPORTERS of Mexico's Party of the Democratic Revolution (PRD) have now either occupied or blockaded 61 out of 113 town halls in the state of Michoacan in protest against the official result of the elections for the state assembly held on July 2, writes Richard Johns.

The outcome ratified at the weekend by the State Electoral Commission gave the Institutional Revolutionary Party (PRI) 12 seats and the PRD six for the 18 districts decided by majority vote. The other six were distributed among other opposition groups, half of them going to the conservative National Action Party (PAN).

The PRD claims that it won 14 of the districts. It has now turned to the last legal channel open to it in its protest, the Supreme Tribunal of Justice which will meet this week to give its verdict.

OAS meets on Panama

GENERAL Manuel Noriega, Panama's military ruler, returns to centre-stage in Washington today when the Organisation of American States reconvenes to debate progress towards removing him from power, Lionel Barber reports from Washington.

The meeting is likely to be further testimony of the impotence of the OAS, whose efforts to persuade Gen Noriega to quit have borne little fruit.

Nor have Panamanian attempts to resolve the crisis had any greater success. Talks between the government and ADOC, the opposition alliance, broke up on Monday with no solution in sight.

On September 1, a new government is due to take office, but following last May's electoral fraud and the cancelling of the elections, there is now no legally-constituted government to take over.

The frustrated Bush administration has recently backed off its insistence that Gen Noriega leave the country. This softening position has been matched, however, with high-profile US military manoeuvres in Panama.

Da Nobrega: no formal moratorium likely

INTERVIEW WITH MAILSON DA NOBREGA

Brazil to give priority to protecting reserves

By Ivo Dawnay in Brasilia

BRAZIL must give priority to protecting its foreign exchange reserves before honouring debt liabilities to banks if it is to avert a collapse of confidence that could induce hyper-inflation.

That was the message Mr Mailson da Nobrega, the country's Finance Minister, clearly wished to be conveyed to overseas creditors in an interview on Monday.

It was delivered amid mounting speculation abroad that the country will not be able to meet a $2.3bn interest payment falling due on its $68bn commercial bank debt in the second half of next month.

"Brazil will not declare a formal moratorium on the debt, but at the same time we are aware that at this time of political transition it is most important for confidence not to lose reserves," he said.

"We must reconcile two things: first, we must avoid a disorganisation of the economy that would provoke a hyper-inflation which would not be good for us, nor our creditors. Second, we must maintain the relationship between Brazil and the international community."

In a conciliatory tone, the minister went on to ask for the "understanding" of creditors in the difficult period running np to November's presidential election and the transfer of power to a new government in March.

"Everyone has a stake in preventing Brazil becoming disorganised or falling into the hands of radicals," he concluded in a guarded reference to left-wing presidential candidates with tougher positions on foreign debt.

Earlier, Mr da Nohrega emphasised he had not ruled out a last minute accord with the International Monetary Fund. This would release a stand-by credit of $1hn as well as World Bank and Japanese loans dependent on IMF approval.

"It is difficult but not impossible," he said, adding that the main obstacle to an agreement now centred on monetary policy, not the public sector deficit.

During the interview, Mr da Nobrega agreed that the greatest danger for the economy was not inflation itself - currently near 30 per cent a month - but a panicked rush from government paper similar to that in Argentina when real monthly interest rates soared to 17 per cent.

In Brazil, real interest was currently between 3 per cent and 4 per cent, and could be maintained at that rate until March, he claimed.

The Government had control of its deficit and it had avoided a dollarisation of the economy and an exchange rate crisis. "There is a consensus that hyper-inflation will happen only if there is a collapse of confidence in the institutions of government," he said.

"That is not happening."

Despite the minister's assurances, however, some economists fear that rash statements by left-wing candidates on an internal deht morstorium could still provoke such a panic.

So far, however, the clear front runner in the election, Mr Fernando Collor de Mello, has given assurances that the Government's debt commitment will be honoured.

Mr da Nobrega prefaced his remarks by underlining that foreigners had difficulty understanding how a fully inflation-indexed economy functioned.

"Relative inflation is not the monthly rate, but the amount it moves each month."

While high inflation rates were clearly not satisfactory, indexation ensured that the economy continued to function. In evidence, he pointed out that with price rises near to 1,000 per cent last year, Brazil still enjoyed record harvests, a 30 per cent rise in its trade surplus, and falling unemployment.

The downside, however, was stagnating investment and a high degree of instability.

A new president, voted in by a clear majority of the electorate, would have the right political conditions to take the tough measures needed to tackle the underlying roots of inflation, he said.

Brazil's foreign exchange reserves are currently understood to stand at over $6bn - roughly equivalent to four months' imports.

Tax reforms that can damage a government's health

David Owen in Toronto reports on problems facing Mulroney's plans to change Canada's tax system

TAX REFORM can be bad for a government's health, despite long-standing and widespread dissatisfaction with the system which it intends to replace.

A case in point among the G7 countries is Britain, where a general abhorrence for the rates system of levies on householders, has done little or nothing to foster a liking for Prime Minister Mrs Margaret Thatcher's proposed poll tax which is to replace it next year. Another may soon be Canada, where plans hy Mr Brian Mulroney's Conservative Government to replace the outmoded Manufacturers' Sales Tax (MST) with a multi-stage value-added tax appears to be alienating broad swathes of the electorate.

A 9 per cent so-called Goods and Services Tax (GST) is due to replace the MST on January 1 1991. The new tax will be levied on most goods and services except basic foods and a handful of other politically-expedient exemptions.

The MST was raised to 13.5 per cent on most items in the last budget. It is levied, however, on a comparatively narrow range of goods, and at an intermediate stage en route to the consumer.

The GST is expected initially to swell the Government's sales-tax revenues by C$5.5bn ($4.7bn) to C$24bn. But the bulk of this increment will be returned to the electorate in the form of credits to impecunious families, tax rebates to buyers of new houses and a 1 percentage point cut in income tax. The GST will be revenue neutral taking into account the administration costs, according to government calculations.

The Government expects nonetheless that the tax will help it to reduce the federal budget deficit hy stimulating the domestic economy. Canada is under intensifying pressure to get to grips with its gaping deficit, which is running at more than C$30bn a year.

Canada's current indirect taxation system is inadequate and should be replaced, the Government argues. It says the MST penalises many Canadian exports by taxing them and inflates the cost to domestic companies of investing in capital goods. It even discriminates in favour of imports, the Government claims, by forcing Canadian manufacturers to "charge tax on their full selling price which typically includes costs which importers incur only after tax has been levied."

Under the new regime, all exports will be zero-rated, while buyers of capital goods will be able to claim a credit for taxes incurred in such purchases.

In sum, the Government expects the tax to reduce exporters' costs on average by "almost 1 per cent" and to expand real domestic output "by as much as 1.4 per cent annually."

Such pledges and calculations have heen insufficient to prevent the technical paper released recently hy Mr Michael Wilson, the Finance Minister, from being greeted with howls of outrage, however. These ululations have emanated from several quarters – the notable exception being big business, which recently reiterated its support for the finance minister's initiative.

At the top of the list are consumer-groups who dislike the idea of a 9 per cent levy on services, ranging from haircuts to taxi-rides, which have not hitherto been subject to tax. They fear the tax will not be fully visible (although it will be more so than its predecessor) because of the problems of converting cash registers to record both federal and provincial sales taxes. And they believe – citing other countries as examples – that the GST will be increased once it is established, to reduce the deficit.

Small business is also wary of the Government's proposals, mainly because of anticipated administrative headaches. Mr Wilson's failure to coax the provinces into instigating a jointly administered regime means that companies will have to comply with two sets of sales tax regulations in every province except Alberta. In an effort to defuse their criticism, the Government will pay an administration fee to businesses with annual revenues of C$2m or less to help offset compliance costs.

Some economists warn that the GST will reduce purchasing power just as growth is likely to have slowed considerably. They also fear the possible inflationary repercussions if the tax's one-time impact on the consumer price index is factored into wage demands.

Mr Randall Powley, an economist with Toronto-based ScotiaMcLeod, forecasts that the GST's impact on inflation "should be around 3 per cent," rather than 2.25 per cent as projected hy the department of finance.

To explain the discrepancy he cites both his scepticism that the reduction in the taxation rate on items previously covered by the MST will be fully passed on to consumers, and his conviction that higher prices will be incorporated "at least partially" into wage rises.

In fact, the economic impact of GST may hite well before its implementation date. This is because the prospect of more favourable tax treatment may encourage companies to defer capital spending until the new tax is in place.

The delay would only be worthwhile for expenditure on Canadian-manufactured goods, however. Since some 80 per cent of snch expenditure hy domestic companies is currently lavished on imported products, the potential for damage would appear to be limited. Nonetheless, with Ottawa banking heavily on business spending to guide the economy to a soft landing, this is one area which will he monitored with particular care and attention.

Opposition to the proposed new tax has failed so far to shake the Government's determination to proceed.

Here, the Conservatives' experience in their first term in office may he bolstering their resolve. The party lagged in the polls after all, until remarkahly late in the day, yet finally won a convincing election victory. This may encourage them, at the start of their second term, to hang tough on delicate issues early in their mandate, the better to pamper the electorate later.

But the Government will be keen to stick to its original timetable for the tax's introduction. The next election is unlikely to be called until autumn 1992 at the earliest. The planned schedule would thus allow at least 18 months for the tax to become part of the furniture before voters were called upon to pass judgement. Anything less would make Tory strategists distinctly nervous.

Arafat warns of rising discontent over peace talks

By Tony Walker in Jerusalem

THREE MORE Palestinians died in the occupied territories yesterday, taking fatalities since the weekend to six in an apparent npsurge of violence in the 20-month Palestinian uprising against Israeli military rule.

In Amman, Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, spoke of growing frustration over the lack of progress in the PLO-US peace dialogue, and he warned that he might call for a full-scale campaign of civil disobedience in the occupied territories.

Mr Arafat said that the PLO might also reconsider its peace strategy in the light of what he claimed was US indifference to the plight of the Palestinians. "Where is the American position on human rights?" he asked. "Or does that stop when it comes to talking about rights of Palestinians?"

Palestinian activists in the West Bank and Gaza Strip say that an increasingly sour and disenchanted mcod is developing over the obvious lack of progress towards the resumption of a genuine peace effort.

This has been expressed in the upsurge of violent incidents over the past few days following a relatively quiet period. Troops shot to death a Palestinian woman in the Gaza Strip yesterday and residents in a West Bank refugee camp found the body of a youth. A 14-year-old Palestinian girl was reported to have died of injuries suffered in a clash with troops last week.

In a related development, the United Sates is pressing Israel to allow an independent autopsy to be performed on a Palestinian-American youth who died last week in mysterious circumstances.

Amjad Jibreen's family alleges that the 14-year-old boy was tortured to death by Israeli security forces. The boy was found on Friday, lying in a pool of blood on a hillside near the large Arab town of Ramallah. Israel has denied the allegation of torture.

Dr Derrick Pounder, the head of forensic medicine at Dundee University and member of the Boston-based Physicians for Human Rights, has flown to Israel to conduct the autopsy, but late yesterday the Israelis were delaying release of the body.

The Jihreen case is particularly sensitive because of the boy's American citizenship. US consular officials in Jerusalem have been involved in efforts to establish the cause of death. The Israeli military authorities say that he died of a gunshot wound in the chest. The youth's family, who claim he was detained in a clash with the army last Wednesday, say that he was hrutally beaten

The latest deaths in the Palestinian uprising take the numbers of Arab fatalities to 609. Forty Jews have died in the same period.

Mr Arafat's sharp criticism of the US follows a series of inconclusive discussions in Tunis between PLO and US officials. In December, Mr Arafat met conditions for a US-PLO dialogue when be renounced terrorism and accepted Israel's right to exist.

The US has been trying to persuade the PLO to accept Israeli-proposed limited autonomy elections in the West Bank and Gaza Strip.

Bnt the PLO fears that the elections are a device to huild an alternative Palestinian leadership in the occupied territories and to freeze his organisation out of the peace process.

Israel has said repeatedly that it will not deal directly with the PLO which it describes as a "terrorist organisation." The PLO is demanding recognition of Palestinian self-determination as a prelude to the formation of a state in the West Bank and Gaza Strip.

Philippines comrade embraces the market

A former insurgent is making Aquino's land reform work, writes **Richard Gourlay**

IN THE late 1960s a poorly-educated Filipino farmer decided he had had enough of the heavy-handed tactics of the private "goon squads" that protected the country's landowners and set np a peasant army.

In early clashes with President Ferdinand Marcos's troops and the landlords' vigilante sqnads, Bernsbe Buscayno's three hrothers were killed and his resolve was strengthened.

When the peasant band succeeded in turning the Bario Capas area, 130km north of Manila into a "no-go" area for the army, Buscayno – alias Commander Dante – caught the eye of José Maria Sison, s Maoist at the University of the Philippines, and together they launched tbe New People's Army.

Buscayno and Sison were captured during President marcos's martial law and imprisoned until Mrs Corazon Aquino released them in a general amnesty scon after the dictator was ousted in the "snap revolution" of 1986.

Mrs Aquino's ticket in that election included a promise to reform tbe country's feudal structure of land ownership, the issue whicb had driven Buscayno to arms. Buscayno, by then well-versed in communist theory after seven years of self education, and Slson parted company.

Slson eventually fled the conntry to lead the struggle from exile while Buscayno, encouraged hy Mra Aqnino's promises of reform, if not her sbility to deliver, turned his back on armed struggle and on the ideas that supported it.

He returned to the farmers in Capas and resumed what he believes the Philippines insurgency is all about – a peasant struggle for fair treatment on land that is their own rather than a fight for a communist government.

For nearly a year Buscayno has been trying to turn President Aquino's land reform policy into reality by huilding a co-operative farm in the Capas, with the help of government loans. Once title to land has transferred to farmers his co-op has organised the huying of seed and fertiliser, joint selling of harvested rice and the beginnings of a simple, hut essential, irrigation system – all witb stunning snccess.

In Capas, Buscayno's quiet authority and earthy vision lends a buzz of learning and progress, uncharacteristic of most rural villages. "I was born here and I suffered what these people suffered and f dream what they dream," he explains, pointing to his differences with the movement he left.

"Joma (Sison's) concept of the social system will not work. The (communist) movement is starting to fade away, they are alienating themselves from the people."

Buscayno's defection is a far greater blow to the communist insurgency than the capture of National Democratic Front communists Satur Ocampo and Bobhy Malay last month.

The co-op has grown fourfold and now covers more than 5,000 hectares; the farmers are paying 25 per cent less for fertiliser and seed and receiving 33 per cent more for their harvested rice because the co-op can deal from strength.

And, what is most important, the rural loan sharks are disappearing, cntting the cost of borrowing from 8 per cent to 2 per cent a month.

The result is that within a year farmers are escaping the stifling mortgages they have been unable to meet for years. Given more financing – Buscayno hopes from foreign aid agencies – the co-op could cover 9,000 hectares and 6,000 peasant farms by the year end, although the government'a Land Bank wants tn muve more cautiously.

"We are going to a system that is more beneficial to Filipinos," Buscayno says. "There is no alternative. We should free the farmers to allow them to become small capitalists."

Undoubtedly the charisma of a former underground leader turned active, hnt legal reformer, has contribnted to the success of the Capas co-operative. Other farmers in the region have implicitly recognised this by approaching Buscayno to set up co-operatives elsewhere.

Its success is also in striking contrast with Mrs Aquinn's two-year-old national land reform programme. After legislation was diluted in the landlord-controlled House of Representatives, the programme designed to benefit 5m farmers over 10 years was set back further when a scam was unearthed in May involving the sale of overvalued land to the government by friends of officials. The Secretary of Land Reform offered his resignation and at least one Senator was implicated.

Ironically, although the Capas co-operative concept could do more, certainly than the military, to undermine the communist threat to the Philippine government, it may also damage Mrs Aquino personally. The sugar refinery on her 6,000 hectare family estate at Hacienda Luicita, 15 kms from Capas, needs a million tonnes of cane to remain viable. Already it has to import cane from other parts of the country.

Once farmers take control of their 1.5 hectares of land and see the benefits of growing rice or vegetables for Manila rather than sugar for the Hacienda, the amount of cane grown will fall further. The market forces released by Buscayno and his co-operative could undermine one of the country's most traditional, feudal farmer-landlord relationships.

Lebanese Shias keep close watch on Iran

By Lara Marlowe in West Beirut

LEBANON's Shia Moslem community is closely following attempts hy Hojatoleslam Ali Akbar Hashemi Rafsanjani, Iran's new President, to defy radical members of the Iranian parliament by excluding hardliners from his new Cabinet.

During the early 1980s, the poverty of Lebanon's single largest community – combined with the Israeli invasion of 1982 – led many Labanese Shias to join forces with revolutionary Iran in the Hizbollah or "Party of God militia." Partly because of the cash dispensed by the likes of Hojatoleslam Ali Akbar Mohtashemi, the outgoing hardline Iranian Interior Minister dropped by Mr Rafsanjani in his new line-up, Hizbollah gained a degree of support as a resistance movement among Shias.

But the practice of hostage-taking and the experience of Hizbollah rula in Beirut's southern slums, parts of west Beirut and regions of southern Lebanon, turned the majority of Shias against the radical, pro-Iranian fundamentalists.

Mr Nabih Berri, the leader of Amal, the rival Shia militia backed by Syria, clearly hopes that Mr Mohtashemi has been pushed aside for good.

Earlier this summer, Mr Berri travelled to Iran where he was warmly received by Mr Rafsanjani and Dr Ali Akbar Velayati, the Iranian Foreign Minister.

Mr Berri is in Damascus, waiting – according to well-placed militia sources in west Beirut – for a shipment of guns and ammunition that Mr Rafsanjani has offered to send him via Syria.

Mr Berri's Syrian allies, angered by his refusal to commit his militiamen to the war against the Lebanese Christian General Michel Aoun, had refused to re-arm Amal.

As a favour to its Syrian allies, Iran is also reported to have promised substantial shipments of oil to the Lebanese militia leaders – including Hizbollah and the Druze Progressive Socialist Party – that have joined in a "united front" against Gen Aoun.

If Mr Rafsanjani is seen to have won the power struggle in Tehran, Hizbollah leaders are likely to step into line under the Iranian president rather than continuing to favour Mr Mohtashemi, Shia Moslems in Beirut believe. This would improve the chances for the release of the western hostages in Lebanon.

The division among Lebanese Shias between Amal and Hizbollah, and between loyalty to Mr Rafsanjani and Mr Mohtashemi, falls largely along geographical lines, with Amal which is strongest in the south and Hizbollah which is more powerful in Beirut.

Mr Berri, who spends much of his time in Damascus, has lost popularity among Shias, but Amal continues to govern the south

Mr Daond Daoud and Mr Mahmoud Fakih, two southern Amal leaders who might have posed a serious challenge to Mr Berri's leadership, were assassinated in the Syrian-controlled Hizbollah stronghold of Guzai, on the outskirts of Beirut, in September 1988.

● Two civilians were wounded by Israeli shelling of villages in south-eastern Lebanon, known to be strongholds for pro-Iranian Shiite Moslem extremists, AP reports from South Lebanon.

A 122mm weapon emplacement belonging to the Iranian-backed Hizbollah near Sohmor was destroyed in the shelling, according to police. Hizbollah responded with barrages from multi-barrelled rocket launchers. A Hizbollah communique issued in Beirut yesterday claimed an Israeli tank was destroyed in the shelling.

S Korea boosts public spending

By Maggie Ford in Seoul

A RISE in public spending on welfare projects and regional development will boost South Korean budget spending by 19 per cent next year, according to a draft plan to be submitted to the National Assembly.

In an effort to boost the role of fiscal measures in economic development, Mr Cho Soon, Deputy Prime Minister and head of the Economic Planning Board, has proposed a balanced budget, with no increase in taxes. The South Korean Government has maintained a hndgetary surplus over the past few years.

In total spending of Won 22.9 trillion (£21.8bn), defence costs will amount to Won 11.4bn, up 16 per cent. Meanwhile, education and provincial subsidies, mainly for salaries, will rise to Won 4.4 trillion, up 18 per cent.

Additional new spending amounts to Won 7 trillion and will be concentrated in several areas: social welfare; housing support for low income workera and farmers; education; and agricultural and technology development.

Specific projects inclnde west coast development in advance of growing trade with China; piped water and sewage improvements; and two major railway construction projects.

Mr Cho also unveiled a supplementary bndget for fiscal 1989 of Won 2,870bn, to be financed by surplus revenues. Spending will be earmarked for housing construction, small and medium industry promotion, support for farmers hit by import liberalisatinn and repair of typhoon damage. Funding of Won 320bn for a planned scientific fair in 1991 is also included.

The budget draft marks a change in emphasis by the Government of President Roh Tae Woo, in an effort to correct economic imbalances which bave developed during South Korea's years of fast growth.

Critics are concerned the budget might be inflationary, but EPB stressed that spending amounted to only 15 per cent of total GNP and no government borrowing would be necessary. The increased spending will boost domestic demand at a time when export markets are tightening.

Masked activists demonstrate outside the US consulate in Hong Kong yesterday urging pressure on Peking to halt executions

Easing of immigration rules urged for HK people

By Michael Marray in Hong Kong

REPRESENTATIVE Stephen Solarz, a New York Democrat, has called for an international agreement on relaxing immigration requirements for Hong Kong people, to provide an insurance policy for the future and help slow the brain drain from the territory in the wake of the crisis in China.

Mr Solarz, chairman of the House foreign affairs sub-committee on Asian and Pacific affairs, suggested during a visit to Hong Kong that immigration programmes could be adjusted in the US, UK and other countries so as not to require immediate residency for those seeking citizenship, allowing Hong Kong people to remain in the territory while obtaining insurance for the future.

"We can be reasonably confident that it would not, in the short-term, lead to a mass exodus," he said.

Britain has yet to unveil its own promised package on right of abode in the UK for Hong Kong citizens, which appears likely to be limited to only a fraction of the territory's 5.5m residents.

Mr Solarz said that his proposal would he likely to involve passports for hundreds of thousands, rather than millions of people.

While in Hong Kong Mr Solarz also held discussions with government officials and members of the legislative council on the sensitive issue of Vietnamese refugees and warned against any policy of forced repatriation, saying that Hong Kong's handling of the boat people problem would significantly influence its own treatment by the international community.

The comments underline the awkward position of the Hong Kong government, caught between growing popular pressure at home for a quick solution to the boat people problem and the likely international condemnation which would result from any forced repatriation of boat people.

So far only 264 people have returned voluntarily to Vietnam and, on the same day a specially chartered flight departed for Hanoi last Thursday with 121 Vietnamese on board, another 443 arrivals sailed into Hong Kong waters, bringing the territory's total Vietnamese population to more than 54,000.

Sri Lanka troops hold 2,000 'subversives'

By Mervyn de Silva in Colombo

SRI LANKAN troops bave detained 2,000 people in a widespread security sweep of the Sinhalese south of the country, leading to a sharp decrease in violent clashes in and around the capital since the operation was launched three days ago, according to a defence ministry official.

The people detained were described by the anthorities as "subversives" belonging to the left-wing nationalist JVP, or People's Liberation Front.

Although incidents of violence have decreased in the capital, at least 26 people, including troops and civilians, have died in clasbes elsewhere on the island during the past 24 hours.

In the worst incident, at Beliatta in the sonth, 14 people died when soldiers watching a folk ritual known as "devil dancing" panicked and opened fire as the lights suddenly went out. They may have suspected a JVP trap, an army spokesman said. Among the casnalties were 11 civilians, including four children.

The latest mass arrests are part of a change of tactics by the Sri Lankan army, which has decided to take the offensive against the JVP after the group threatened soldiers' families with violence unless troops and officers deserted their posts by August 20.

The JVP's nltimatum has had tbe Army's Joint Operations Command (JOC) seriously worried.

This week an enormous yellow-and-black wall poster near the centre of Colombo greeted office workers returning to work after a week of JVP sponsored *hartals* (protests) and work stoppages. The poster showed a grim figure in black, and under it was a retaliatory threat, aimed at the JVP, which read: "For each army family killed, 12 JVP families."

The JVP has no known or steady arms supplier, unlike the Tamil Tigers who can rely on several foreign supply sources. Instead it has had to build up its arsenal from weapons bought from army deserters or stolen during raids on police stations and army cantonments.

The last such raid was in July, when the extremist group attacked police field headquarters in the heart of Colombo.

The possibility of mass desertions from the army has been real enough since the early 1980s, when the Tamil separatist insurgency began to pose a serious threat to the island's future.

The JVP's stunningly successful terror-cum-sabotage campaign has made the island appear virtually ungovernable, and has provided a ripe environment for insurrection within the armed forces.

Events since the weekend could qualify as a psychological victory for the army. It could indeed emerge as an important new factor in the fast-changing political contest.

Angola talks marred by peace terms

By Nicholas Woodsworth in Harare

EFFORTS to put Angola's troubled peace process back on track continned yesterday with a meeting between African mediators and Angola's MPLA Government.

The talks, held in Harare, Zimbabwe, were described by host President Robert Mugabe as "one more rung climbed in the attainment of peace." However, continuing disputes over the terms nf a peace agreement between the MPLA and Dr Jonas Savimbi's rebel movement Unita appeared to precinde chances of a rapid reconciliation.

The meeting was attended by Zairean President Mobutu Sese Sekn, responsible fnr bringing togetber Angolan bead of state Mr Eduardo dos Santos and Dr Savimbi for a handshake of peace in the Zairean town of Gbadolite in June. While President dos Santos was at yesterday's talks, continuing division between the two sides was underscored by the absence of Unita

The period following the Gbadolite declaration has been marked by numerous ceasefire vinlations nn both sides, including Unita attacks on villages, roads and power lines, and MPLA air strikes on the Unita stronghold of Mavinga.

Despite a series of Kinshasa meetings betwwen MPLA and Unita delegationa at which President Mnbutu has played a mediating role, disagreement continues over issnes discussed at Gbadolite.

These include the future role of Dr Savimbi, the question of elections and the formation of a coalitinn government, and tbe furmation of a jnint MPLA-Unita army where Unita has called fora power sharing agreement in which it would retain a separate identity, the MPLA insists on the integration of Unita into MPLA institutions.

Press curbs planned for Kashmir

By David Housego in New Delhi

Buddhists from Ladakh protest in New Delhi yesterday against Kashmir state rule of their land

THE NORTHERN Indian state of Jammu and Kashmir yesterday introduced legislation to impose press censorship after a further surge of violence in the Kashmir valley.

The measure comes in response to the first political killing in the state when two gunmen this week shot a district leader of the National Conference Party, the moderate Kashmir national party headed by Dr Farooq Abdullah, the Chief Minister. It also follows unrest last week, including a general strike in Srinigar, the capital, and other towns on August 15, the anniversary of India's independence.

The strike reflects increasingly militant nstionalism by the predominantly Moslem population of the Kashmir valley who feel they bave been ill-treated politically and economically by India since the state acceded to the union. By contrast, Kashmiris celebrated the anniversary of Pakistan's independence the day before.

These events have been viewed badly in India, where Dr Abdullah is coming under fire for failing to control what is seen as a secessionist movement. The Chief Minister reported to the state assembly yesterday that there had been 171 bomb blasts in the valley during the last year, with 12 people being killed, including three policemen. He said that 385 people had heen arrested for subversive activities.

The intention of the hroad-ranging press curbs is to prevent extremists publicising planned strikes and stoppages through news items in the local press. Tbe Government helieves that snch advance reporting has helped to intimidate shopkeepers who bave closed for long periods in recent days.

In Delhi, the official belief is that the discontent in the valley has been provoked by extremist organisations working from Pakistan. This view fails to recognise the widespread regional resentment over economic grievances and political interference by New Delhi.

Bargains galore as Chinese traders shun orthodoxy

Consumerism remains rampant in Peking despite the efforts of hardliners, writes **Peter Ellingsen**

JUST sonth of Peking's Tiananmen Square, where three months ago armed troops ended dreams of greater democracy, the clty's most vibrant shopping centre, Qianmen, is dominated hy film posters and neon signs promoting state-made medical cure-alls.

Crowds of lunchtime shoppers go about their business apparently unaffected by the official return to orthodoxy, while parsdoxically profiting from the hrutal crackdown on June 4.

For Qianmen, like most shopping outlets in the capital, has become a mecca for bargains. With fewer Chinese coming to shop in Peking and foreign demand for Chinese products slowing, store managers have had to stage massive sales to unload stock.

In the hustling streets and alleyways, brassy signs proclaiming "40 per cent off" take pride of place in most shop windows. Woollen jumpers normally Yuan 60 (£10) are offered at half that price, and usually blasé shop assistants are terribly helpful.

Custom from out of town, normally healthy in the summer season, has fallen during martial law, making it difficult to shift the huge range of manufactured goods flowing from southern centres such as Shanghai.

The average urban Chinese was nearly 3 per cent pcorer in the first half of 1989 than In the first half of last year, the English-language China Daily said yesterday, Reuter reports from Peking.

With reduced prices, Chinese-made textiles, electrical and chemical goods, have been easier to sell to locals, though much sdmired imported "luxuries", such as Japanese TV sets, remain at list price and beyond the reach of many.

A small timber and tin stall behind the larger and more appealing department stores has found competition so tough that the proprietor, one of the new hreed of *getihu* or small, private entrepreneurs who have transformed the capital in recent years, says he will turn the tiny shop into a restaurant to stay in business.

Consumerism, now officially frowned on by the country's hardline leaders, remains rampant in Cbina and largely unaffected by recent crackdowns and pleas for a return to a "simple life".

As part of its economic rectification programme, the Government has fined five large state corporations a total of Yuan 51.3m for illegal profiteering. China's Auditor General, Lu Peijian, said the five, all involved in foreign trade and investment, had violated government administrative rules.

The companies include the country's biggest, China International Trust and Investment Corporation (Citic), and Chins Kanghua Development Corporation, which has links with Deng Pufang, eldest son of paramount leader, Deng Xiaoping.

Mr Lu said Kanghua had illegally traded foreign currency, resold materials at a profit and avoided taxes.

BRITAIN CAUTIOUS ABOUT IRAN'S INTENTIONS

Tehran hints at better UK ties

By Victor Mallet

THE Iranian governmant hinted yesterday that it wanted to restore diplomatic relations with Britain following the acrimonious dispute over Mr Salman Rushdie, hut the suggestion was greeted coolly by the Foreign Office in London.

"Relations with Britain can be restored even today," Mr Mahmoud Vaezi, the Iranian Deputy Foreign Minister, was quoted as saying by the official Iranian news agency. He said a restoration of ties depended on Britain's willingness to respect Islamic values.

Tehran severed relations with London in March. The late Ayatollah Khomeini had issued a religious edict sentencing Mr Rushdie to death for his novel The Satanic Verses, on the grounds that it blasphemed against Islam.

Western countries, including Britain, are hoping that Iran will return to the international fold after Khomeini's death and the rise to pnwer of Hojatoleslam Ali Akbar Hashemi Rafsanjani, the new President.

Mr Rafsanjani is regarded as a pragmatist who emphasises the importance of reviving the Iranian econmy and improving foreign relations rather than merely championing the ideology of the 10-year Islamic revolution.

Britain, however, remains cantions abont franian intentions. It wants Iran to drop its threat against Mr Rushdia and push for the release of hostages held by pro-Iranian groups in Lebanon.

"We do want normal relations, bnt we will not accept Iranian intervention in our internal affairs," the Foreign Office said yesterday. "Before relations can improve, Iran must be seen to abide by international nurms of behaviour."

After years of hostility and lengthy negotiations, London and Tehran restored relations in November last year - with Mr Vaezi signing the final agreement - only to see them cut again four months later over the Rushdie affair.

Mr Vaezi yesterday linked the case of Mr Roger Cooper, a Briton held without trial in Iran since 1985, to that of Mr Kourosh Fouladi, an Iranian arrested in Britain in 1980 and subsequently given a 10-year jail sentence for involvement in a failed car bomb attack.

Although Britain officially rejects any connection between Mr Fouladi, who was duly tried, and Mr Cooper, who has been held on vague spying charges, there is hope in London that Mr Cooper will be freed when Mr Fouladi is paroled or released, possibly as early as next month.

"They blow hot and cold," said one British diplomat yesterday in response to Mr Vaezi's comments. "If it is the start of a softening of their position on relations, all well and good, hnt it is very tentative."

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WORLD TRADE NEWS

Brazil and US seek to solve trade disputes

By Ivo Dawnay in Brasilia

BILATERAL talks between Brazil and the US opened in Washington yesterday aimed at reversing the deteriorating commercial ralationship between the countries.

Currently, Brazil is in fierce dispute with the US over its restraints on licensing certain high-tech exports and its decision to investigate Brazilian trading practices under Super 301 provisions of the US Trade Act.

Washington is equally irritated by a continuing determination in Brasilia to maintain a protectionist stance in several sectors and in particular, its refusal to recognise pharmaceutical patents.

Mr Paulo Tarso Flecha de Lima, Brazil's most senior diplomat, is due to meet Mr Lawrence Eagleburger, Deputy Secretary of State, and Mrs Carla Hills, US Special Trade Representative. It is hoped the dialogue may lead to fresh trade accords.

Last month, Mrs Hills wrote to the Brazilian authorities asking that disagreements on commerce sbould not be allowed to affect a bid by Hughes of California to build two new communications satellites for Brazil.

Tbe US had feared that though Hughes's tender for the $150m (£93.7m) programme substantially undercut that of a rival consortium led hy Spar of Canada and Matra of France, it would lose the order.

Canadian officials had hinted that US restrictions on the transfer of militarily sensitive technology to the Brazilians would favour their company's offer.

More recently, the New York Times had reported a dispute between the US State Department and the Pentagon over a Brazilian order for two "supercomputers".

According to the report, the Pentagon opposed tha sale on the grounds tbe equipment migbt be used to build a nnclear weapon. Brazil has always denied it is huilding a bomb.

Brazil has a substantial surplus of about $4bn a year with the US, its largest single trading partner.

● President Carlos Menem of Argentina arrived in Brazil yesterday at the start of a three-day visit – his first abroad since taking office. Mr Menem will discuss economic integration witb Brazil and Uruguay and the sale of Argentine gas to Brazil.

Chinese company wins $70m Pakistan power plant order

By Christina Lamb in Islamabad

A CHINESE company has won a $70m (£43.7m) contract to build Pakistan's first thermal power plant to be based on fluidised bed combustion technology.

Under the contract signed with Pakistan's state-owned Water and Power Development Authority, Dongfong Electric Corporation will design, supply, erect and commission all the necessary electrical and mecbanical equipment for three 50 Mw units.

Pakistan has a huge energy shortfall and, according to the most conservative government estimates, requires an extra 6,000 Mw by 1993, costing an estimated $6bn, which can only be done through the private sector.

The three coalpower units will mark the introduction to Pakistan of fluidised bed combustion technology.

The West German company Siemens submitted a proposal in 1987 but its local partner Habibullah Mines was unable to arrange financing at the agreed-on electricity price.

The Chinese project will use 750,000 tonnes of coal from the Lakhra mines in Dadu in Sind, annually, and provide 2,000 jobs.

These are due to be in operation by January 1993.

Bangkok highway contract awarded

THAILAND'S Highway Department bas awarded a Thai-West German-Hong Kong consortium a contract worth $303m (£189m) to huild an elevated highway between Bangkok airport and the city centre, Reuter reports from Bangkok.

The Don Moang Tollway consortium will complete the 16km six-lane highway hy late 1992, in return for a franchise to operate the toll road.

Don Muang Tollway is 27 per cent-owned by Dyckerhoff and Widmann of West Germany, 17 per cent by Bangkok Metropolitan Bank of Thailand, and the rest by various other interests.

Sofia invites tenders

Bulgaria is inviting foreign tenders for a contract to design and build a new airport in Sofia, the official BTA news agency reported yesterday, Reuter reports from Sofia.

New legislation allows foreign investors to realise their profits in free currencies. Construction of the airport will start in 1990.

German trade rises

Trade between the two Germanys is improving slightly, the West German Trade and Indnstry Association (DIHT) said, David Goodhart reports from Bonn.

The first half of 1989 bas seen a rise more than compensating for the 5 per cent fall in tbe first balf of 1988, DIHT adds. West German figures sbow a DM 480m (£156m) increase in exports to East Germany and a DM 180m rise in imports from East Germany.

Malaysia pledge

Malaysia and Indonesia will work together to market timber products and counter attacks by environmentalists that they are destroying their forests, tbey said yesterday, Reuter reports from Kuala Lumpur.

The two biggest exporters of tropical hardwoods are to lobby the US Congress and the European Parliament for support for their timber products. Both denied they were destroying their forests.

Israel gets down to business with East bloc

Commercial contacts are seen as overtures to diplomatic ones, **writes Tony Walker**

HARDLY a day passes in Israel, it seems, without news of fresh business contacts with Eastern Europe.

Mr Moshe Shahal, Israel's Energy Minister, for example, left for Budapest yesterday to sign e commercial agreement, one of a growing number of official protocols that have been concluded with East bloc conntries recently. Only last week a delegation from tha Soviet Republic of Georgia visited the country.

And while Israel's business witb Eastern Europe represented only a fraction of its $22.7bn total two-way trade in 1988, there are signs that the recent flurry of commercial exchanges last week is paying off.

Mr Ariel Sharon's Ministry of Trade and Industry reports that in the first six months of 1989, Israeli exports to Eastern Europe of items such as citrus products, agricultural equipment and chemical fertilisers jumped 58 per cent compared with the same period last year. Isreeli imports include specialised steel products, timher and chemicals.

Total two-way East bloc trade in 1988 reached $140m, with Israeli exports accounting for less than half. But officials say this figure understates actual trade by as much as balf. Israel's diplomatic isolation meant that a great deal of business was conducted through third countries. Much of Poland's trade with Israel, for example, went through the Italmex trading company in Italy.

Patterns of trade between Israel and Eastern Europe are changing fast, however, with the establishmant of official and semi-official relations with several East bloc states, and with a lowering of barriers in the Soviet Union.

An Israeli Foreign Ministry official with spacial responsibility for East bloc commercial relations said that since Moscow's decision in April to allow economic anterprises to trade directly instead of going through state export corporations there had been a "flood" of commercial contacts between Israel and the Soviet Union.

But the official noted that most of these inquiries were preliminary and that progress at the beginning would probably be slow. A shortage of hard currency in the East bloc was an impediment to growth in trade.

Soviet interest has focused on joint ventnres and technology transfer in areas of particular Israeli expertise sucb as in advanced agricultural techniques, and in tbe manufactnre of sopbistlcatad madical diagnostic equipment.

Sharon: buoyant ministry

Israel's first two joint ventures with the Soviet Union were concluded this month in the fields of agriculture and medical equipment and other sncb vantures are under negotiation.

Israeli officials see the Soviet declsion to enconrage commercial contacts as clearly linked witb its political ambitions in the Middle East. Moscow's ability to play a central role has been hampered by its lack of formal relations with Israel since these were severed during the 1967 war in the region.

Tbe Soviet Union has indicated that relations would be restored once a genuine peace process got under way. In the meantime, it is seeking to establish a credible role for itself throngb a gradual broadening of its contacts with Israel, while not taking any abrupt formal step that might jolt its sensitive relations with more radical Arab states such as Syria.

Scitex, which specialises in advanced printing equipment, is typical of tha growing success of Israeli companies in Eastern Europe. It is selling its computerised printing equipment in the Soviet Union, Hnngary, Poland and Yugoslavia. It has agents in each of the four countries, and its international director helieves the company is "only in the beginning" of a significant increase in its East bloc business.

Most of Israel's trade with Eastern Europe in the past was conducted with Romania, which did not follow other East bloc states in savaring ralations in 1967, and Yugoslavia. In the past year Hungary and Poland have emarged as anthusiastic trading partners.

Israel bas exchanged missions with both countries. El Al, the Israeli airline is now flying direct to Budapest and Warsaw on a reciprocal basis with the Hungarian and Polish national carriers.

According to Israeli officials, Hungary in particular has been assertive in its efforts to expand commercial links. The two countries recently signed an agreement to reduce tariff barriars and ease other restrictions.

The commercial councillor at Hungary's new mission in Tel Aviv said he expected two-way trade to grow by 20 per cent this year from the $30m of 1988.

Israeli officials describe as "insignificant" business with East bloc bardliners, Czecboslovakia and East Germany. Bulgaria is said to be "cautious", but it is significant that a Bulgarian cbamber of commerce was recently opened in Tel Aviv, headed hy a local Bulgarian Jew.

Officials say that large émigré communitiea are facilitating a growth in trade with Eastern Europe. There are estimated to be 300,000 Hungarian-speaking Jews in Israel, 250,000 of Polish origin, 70,000 Bulgarian, and as many as 250,000 Russian.

In dealings with an Eastern Europe that is primarily interested in Israeli high-tech prodncts, Israeli officials say they are careful not to infringe any CoCom restrictions on exports to tha East bloc. Doubtful cases are referred to the US for clearance.

A trade official said that Israeli companies that were in partnership, either in joint ventures or through licensing arrangements, witb US and European concerns, were well aware of the dangers and were "very careful that nothing will happen that would cause a misunderstanding".

Seoul strengthens links with Communists

By Maggie Ford in Seoul

SOUTH Korean companies and government officials are stepping up business links with Communist countries, helped by increasing interest from the Soviet Union and China.

Manufactnrers are struggling to boost production, in the face of strong domestic demand, to meet Soviet orders for consumer products sucb as tigbts, toothpaste and soap. One trading company has received a $14m (£8.7m) order for tights alone.

A Soviet buying mission is expected to arrive in November with more than $500m to spend. The mission is planning to buy electronic goods such as TV sets, refrigerators and radios, along with shoes and clothes.

The surge in Soviet orders follows a visit by a group of South Korean businessmen to Moscow last month to discuss joint ventures and investment in industrial projects, aspecially in Siberia.

Contacts with China are mainly being pursued through private channels following the massacre in Peking in June. A semi-official South Korean mission is expected to travel to China next month to prepare the way for the opening of trade offices in each country.

Korean Air made its first charter flight to China last weekend, landing in Shanghai witb a sports team aboard. KAL was granted overflying rights for the first time for the period of the Seoul Olympic Games last year and hopes to start direct flights for the Asian Games to be held in Peking late next year.

Almost 20 South Korean proposals for foreign investments in China worth more than $1m have been submitted for approval to Ipeck, a semi-official body overseeing trade with the Eastern bloc since May. Two large investments are expected to be announced soon.

Communications traffic between South Korea and the Communist bloc has rocketed in the past six months.

Sonth Korea and the Association of Sonth-east Asian Nations have agreed to a joint inter-governmantal consultative committee to step up economic co-operation, the *South Korean Foreign Ministry* announced yesterday, AP reports from Seoul.

Officials agreed to form a committee of Asean ambassadors to South Korea and a privats business council to expand mntual trade and other economic dealings.

It was the first meeting between Sonth Korea and Asean *to discuss steps to* mutual prosperity and follows Asean's selection of Korea as an official partner in trade, investment and tourism.

Lloyds to charge annual fee on 3m credit cards

By David Barchard

LLOYDS BANK, UK clearing bank, is to introduce an annual fee on its 3m Access cards from the beginning of next year – the first time that one of the "big four" UK clearers has charged its customers for a mass market credit card.

In return for the fee – probably about £12 a year – Lloyds Access card holders will be charged a lower rate of interest than previously. The bank indicated yesterday that interest charges would drop from the present annual level of 29.8 per cent to 26.8 per cent.

Lloyds has not disclosed what the exact fee or interest-rate reduction will be.

Cardholders will be given two months' notice of the introduction of the fee to allow them to close their accounts if they wish to.

Mr Gerry Solomon, general manager for UK retail banking at Lloyds, said yesterday: "I think it is reasonable to charge a modest fee in return for the undoubted advantages of speed, convenience, flexibility, and deferred payment which credit cards bring."

At present, 37 per cent of Lloyds' Access customers pay their accounts in full each month and so avoid interest charges. The number paying off their balances in full has been increasing steadily over the last two years.

Mr Solomon said that this had helped push interest rates on Lloyds Access cards above levels the bank wanted. "The customer who horrows has effectively been subsidising the non–borrower," he said.

Other banks said they were surprised by the timing of the Lloyds move, even though they are considering the possible introduction of credit card fees.

"We have no plans to introdnce an annual fee at this stage though wa have heen thinking about it," said Mr Ken Bignall, chief executive of Barclaycard, the largest UK credit card issuer. Royal Bank of Scotland, another Access card issuer, said it would not be introducing fees for its credit cards at present.

As the first to introdnce charges, Lloyds is running the risk that its customers will desert it in large numbers. Studies commissioned by credit card issuers suggest the introduction of charges could lead to the closure of at least a third of accounts.

Government approves study reforms

By David Thomas, Education Correspondent

THE Government yesterday approved an overhaul of sixth form studies which could spell tbe end of three A-levels – the final exams taken at school – as the combination of examinations for most British 16-18 year olds.

The reforms, which are designed to broaden the sixth form curriculum, are to be phased in by 1994.

The sixth form is one of the few areas of education so far largely untouched by the Government's educational reforms, but criticism of the A-level syllabus for being too narrow has been mounting during the past year.

Many teachers and employers were particularly critical of Ministers' rejection last year of the central recommendation of the official Higginson committee for A-levels to be slimmed down to allow most 18-year olds to take five A-levels, rather than the usual three.

The Department of Education and Science believes the changes approved yesterday will achieve the goal set by Higginson – a broader sixth form syllabus – without fundamentally altering A-levels, which are seen by Ministers as one the few beacons of excellence in the schools.

The changes are also designed to tackle fears that there is too great a gap in standards between the new 16+ GCSE exam and A-levels and that this gap is dissuading more pupils from continuing into the sixth form.

Mr John MacGregor set the reforms in motion in his response to a report by the School Examinations and Assessment Council, a statutory body, on A-levels and the new AS (advanced supplementary) exam.

Ministers have promoted the AS exam, which is supposed to be the same standard as an A-level but with half the content, as a means of broadening sixth form studies.

They hope pupils will sit AS levels in contrasting subjects to their A levels, for instance, allowing sixth-formers concentrating on science to take a foreign language AS level.

The examinations council, however, found that schools are using AS exams, sat by candidates for the first time this year, as a stepping stone to A levels or for weaker candidates, rather than to broaden sixth form studies.

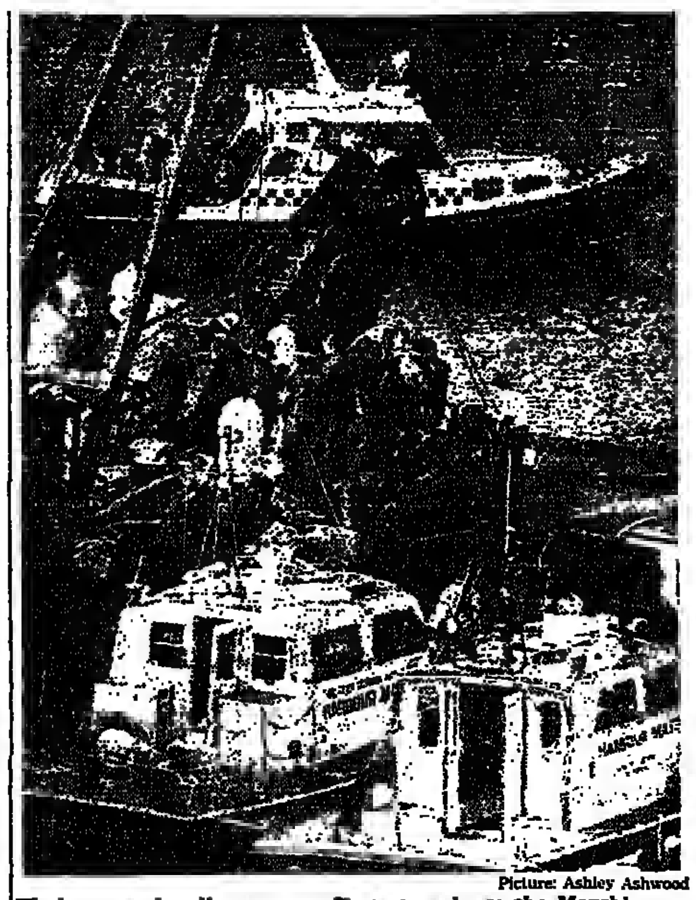
Mr MacGregor yesterday welcomed tha examinatioos council's recommendations in three main areas:

- The exam council will prepare further recommendations on links between A and AS levels by next April, so that guidance can be issued to schools by September 1990.
- Ministers hope that two A and two AS levels, taken in combinations crossing the science-bumanities divide, will become the typical pattern for sixth formers, hut neither the Education Department nor the exam council seems clear yet how to deliver this goal.
- The council will consider bow a greater vocational element can be injected into sixth form study.

This could lead to more vocational courses in subjects such as information technology and modern languages within A and AS levels, as well as a greater coberence between vocational exams and A/AS levels.

- The exam council is to lay down for the first tima core principles governing A and AS exams.

These will try to ensure common standards across the nine A-level exam boards and encourage a rationalisation of A-level syllabuses, which will number 390 next year.



Picture: Ashley Ashwood

Workmen and police survey efforts to salvage the Marchioness

Legal fears hit bank deals with societies

By Norma Cohen

UK AND international banks are curbing certain capital markats business with UK building societies because of fears that the transactions may not be legal.

At least two leading banks have ceased conducting interest rate swap and options transactions with the societies until legal uncertainties can be resolved while other banks have taken more modest steps to curtail activities.

Interest rate swap, options, caps and collars are all transactions designed to protect those who borrow money from swings in interest rates.

The British Bankers Association has been talking to the Bank of England about clarifying the legal status of the transactions. However, the Bank of England has taken the view that each bank must consult its own legal advisors about the status of each transaction.

Bankers' concern about the legality of the transactions arises out of a pending High Court case with the London borough of Hammersmith and Fulham which, according to the District Auditor which oversees its finances, entered into billions of pounds of illegal interest rate swap and options contracts. The Commission charges that the contracts were *ultra vires* – outside the legal jurisdiction of Hammersmith – and that the borough now has no obligation to make payments to banks under those contracts.

Bankers said that after consulting with their own legal advisors, they concluded that virtually any swap or option contract entered into with a non-corporate counterparty could meet the same fate as those conducted with Hammersmith. Losses from contracts with Hammersmith alone are estimated to cost banks about £186m over the next five years if interest rates remain stable.

While corporate contracts are protected under Section 35 of the Companies Act of 1988, contracts with non-corporate entities such as building societies and quasi-governmental bodies such as water authorities posed serious legal problems.

Sally entices Red Funnel shareholders

By Andrew Hill

SHAREHOLDERS in Red Funnel, the Isle of Wight ferry operator, are being offered cut-price ferry travel across the Channel if they submit to a hostile takeover bid from Sally UK Holdings.

This is believed to he the first time such incentives have been offered in a UK takeover battle. The plan had to be passed by the Takeover Panel, although it barred Sally from pntting a financial value on the benefits being offered.

Sally, a Scandinavian-owned ferry and travel company, is trying to woo some 660 private investors, who hold a crucial 43 per cent stake in Red Funnel - the trading name for the 128-year-old Southampton Isle of Wight and South of England Royal Mail Steam Packet. Sally yesterday increased its cash offer from £20.9m to £24m, raising the bid price from 205p to 236p per share.

The battle of the perks began abont five weeks ago when Sally promised to preserve existing discounts on the Isle of Wight routes even though accepting shareholders would not have a stake in the business after the takeover.

Those concessions apply to just under half the privata investors in Red Funnel wbo hold more than 7,200 shares. They are entitled to free travel on the Southampton-Cowes ferries and half-price travel on bydrofoils.

Since this met with little response, Sally is now tempting all Red Funnel shareholders who accept the increased bid with a 25 per cent discount on return car journeys with Sally Line ferries from Ramsgate to Dunkirk. There is also a 20 per cent discount offered on return foot passenger tickets and a 20 per cent discount on Sally's holidays.

Mr Michael Kingshott, Sally UK's managing director, said accepting shareholders would be able to nominate others to enjoy the Sally perks.

Rejecting the increased offer, Mr Michael Wilkinson, Red Funnel's chairman, said: "We really want to see a bit more small print: all the talk abont concessionary ferry travel is very indefinite."

Sally said its bid was final. It would close on September 9.

Alcohol tests on barge crew prove negative

By Kevin Brown, Transport Correspondent

BLOOD SAMPLES taken for alcohol testing from the crew of the barge Bowbelle after it collided in the early bours of Sunday morning witb a Thames pleasure boat bave proved negative, Scotland Yard said yesterday.

However, detectives investigating the tragedy – in whicb 57 people are believed to have been killed – expect to send a report to Mr Allan Green, the Director of Public Prosecutions (DPP), by the end of this week.

The master and second officer of the Bowbelle were arrested after the collision in central London early on Sunday, and were later tested, along with five other crew members and the second officer of tbe pleasure boat, the Marchioness. All the tests proved negative.

Mr Stepben Faldo, the master of the Marchioness, is believed to have been lost in the tragedy, but police said a post mortem hlood test would be considered if his body was identified.

Mr Douglas Henderson, master of the Bowbelle, issued a statement last night through his solicitor, Mr Micbael Caplan.

Mr Caplan said Mr Henderson was "deeply shocked by the tragedy, and would like to express his profound sympatby to the families of those wbo bave lost their lives and to those who have been injured."

The statement said it would be inappropriate for Mr Henderson to comment further, in view of the report being prepared for the DPP and an inquiry being carried out by the Transport Department.

Meanwhile, Tbames watermen refused to resume pleasure cruises on trips from Westminster Pier because they did not wish to pass the wreck of the Marchioness.

'Inadequacies' criticised in training programmes

By Charles Leadbeater, Labour Editor

WIDESPREAD inadequacies in the financial controls on Government funded training programmes have been exposed by an investigation by the National Audit Office.

A report on the investigation published yesterday, says the Department of Employment Training Agency's financial monitoring fell short of its minimum requirements, creating considerable opportunity for overspending and fraud.

The investigation carried out in 1987-1988 focused on the way the Training Agency contracted managing agents to provide training places on the Youth Training Scheme, the New Job Training Scheme for young adults and the Community Programme for tha long-term unemployed.

The report says monitoring was frequently not of sufficient depth to confirm the existence of trainees that managing agents claimed funding for. There were not enongh adequately trained staff to carry out financial monitoring.

Despite passing Training Agency tests to become approved training organisations, many managing agents did not operate satisfactory financial controls, provide sufficient financial information to allow monitoring or ensure YTS trainees were given off-the-job-training.

Shell faces prosecution for oil spillage in the Mersey

By Ian Hamilton Fazey, Northern Correspondent

SHELL, the Anglo-Dutch oil multi-national, is bracing itself to be prosecuted over last weekend's escape of 150 tonnes of Venezuelan crude oil into the Rivsr Mersey, in North West England.

Prosecution may go ahead even if tests of a fractured pipeline show the leak was not the company's fault.

Charges would be instigated by the new National Rivers Authority, set up by the Government to safeguard waterways after the water industry's privatisation this autumn. Under the law, pollution is an absolute offence, however caused, and it was Shell's pipeline that leaked.

The company is refusing to comment on the case, but senior staff – aware of the political sensitivity over pollution and water privatisation – would not be surprised to see the new authority make an example of Shell to prove its level of control.

A government inspector was present yesterday when the fractured section of pipeline was removed and taken to Shell's metallurgical laboratories at Stanlow refinery, where microscopic examination should establish whether the incideot could have been averted by better management.

The National Rivers Authority has announced through the media that it is giving Shell two weeks to explain the leak and will then consider whether to prosecute.

The company, meanwhile, is paying the cost of the clean-up operation, which is expected to exceed £1m – more than the likely total of a court fine imposed on the company.

Shell has been stung by criticism that it did not respond quickly enough to the leak.

The company claims its logs show that operators at Stanlow noticed a fall in flow through the pipeline at almost the same time as the company was alerted to oil in the Mersey, and operators shutdown pumping as they realised the fault was not instrument failure.

The leak was discovered several miles away from the company's jetties at Birkenhead, which are equipped to cope immediately with spillages.

Shell claims nothing could have prevented the escape of the oil into the fast Mersey tide and says it acted immediately to cut the flow and tried to limit the damage.

The company also believes local authority criticism that equipment was not available quickly enough is unfair, since it was the authorities' equipment and their own job to get it out of store and use it.

It has also been claimed that the authorities did not know what they were dealing with. However, all shipping movements in the Mersey stopped on Saturday while the oil was identified. Port of Liverpool records show that this took 90 minutes, so the nature of the problem should have been known early on.

High rates 'bring threat of recession'

By Simon Holberton, Economics Staff

BRITAIN's economy is at risk of slipping into recession and the Government should cut interest rates, Hoare Govett, the US-owned securities house, said yesterday.

In its latest monthly analysis of the economy, Hoare Govett says it does not expect a recession in the UK but the possibility will arise if interest rates are not cut before the end of the year.

UBS Phillips & Drew (P&D) also said yesterday that it no longer regarded high interest rates as necessary to cool demand in the economy. "But 14 per cent rates may well be required to prop up sterling for the balance of 1989. Indeed, sterling's vulnerability at a time of slower growth means there is a non-negligible risk of another 'crisis' rates hike. Next year and beyond, we see weaker sterling conpled with a limited series of half-point base rate rednctions," it said.

The two forecasters, however, present a markedly different view of the prospects for the UK economy next year. Hoare Govett believes non-oil output will grow by 3.1 per cent next year, compared with less than 1 per cent growth forecast by Phillips & Drew.

Both also have divergent views on the outlook for inflation. In 18 months' time, Hoare Govett is confident that the Government will have inflation down to about 4 per cent, while P&D believes retail prices will be rising by 5.5 per cent at the end of next year.

Hoare Govett believes the Government will be successful in achieving a "soft landing" for the UK economy, whereby growth in output moderates, inflation falls and the deficit on the current account of the balance of payment begins to narrow.

It does not believe the UK faces a serious threat of a wage/price spiral, where rising pay settlements push up industries costs which feed through to retail prices.

Kinnock claims Labour is unbeatable

By Alan Friedman in Milan

A CONFIDENT Mr Neil Kinnock, leader of Britain's opposition Labour Party, has said thers is nothing that Prime Minister Mrs Margaret Thatcher can do to prevent a Labour victory at the next general election.

In a wide-ranging interview published this morning in L'Unita, the newspaper of Italy's Communist Party, Mr Kinnock called Mrs Thatcher an extremist and insisted that the divisions in the opposition which helped her to previous general election victories would not be repeated.

Speaking from the terrace of his rented Tuscan farmhouse near Siena, Mr Kinnock began to ontline the policies to be undertaken by a future Labour Government, starting with a drive to encourage greater competitiveness in the British economy.

Ha also attacked Mrs Thatcher, who he claimed sacked Sir Geoffrey Howe as Foreign Secretary "because she is an extremist."

Asked whether Mrs Thatcher's foreign policies and especially her vision of Europe were based on personal views or whether they had the support of British public opinion, Mr Kinnock replied: "Mrs Thatcher has just sacked Geoffrey Howe. The reason she has sacked Geoffray Hows is because she is an extremist.

Sir Geoffrey "had a lot in common with her, but he understood that the world is changing, that East-West relations are changing, that the European Community is changing. "She couldn't and wouldn't accept any of that, so she got rid of him and put in his place someone who would do her will."

On the timing of the next General Election, Mr Kinnock said "if Thatcher goes past June of 1991 it will be a confession of failure".

The Labour party leader said "the only single factor that can save Margaret Thatcher is that which has saved her before and that is disunity in the Labour movement". Ths Labour Party, however, was now united and "there is nothing that Thatcher can do to stop us.

"I believe that our movement will conduct itself in a way that will ensure that ws continue to attract more and more support." It would be "a confession of failure" for her to delay the next election beyond June 1991 – the latest possible legal date is June 1992.

Asked what his government's first steps would be, he said: "The first task is to encourage competitiveness in our economy.

This could not be done "in a month or a year," but "from day one we will make strong commitments to training, to research, to development, to sharpening the performance of the British economy. That's the primary task we've got.

"Unless we are generating wealth efficiently in our economy we are not going to have the additional resources necessary for sustaining our social programme."

Mr Kinnock also called for "the strongest possible diplomatic and economic action against China" and for Western aid to Eastern European nations which were moving "from an authoritarian system of Communism to a democratic system," which he termed "the only way to get economic efficiency."

British Rail in telecom service deal

By Hugo Dixon

BRITISH RAIL has msde its 2,400 railway stations available as sites for telepoint, the UK's new pocket-phone service. In return, international consortiums will pay a fee which depeods on how much people use the service.

BR has already signed agreements with Phonepoint, a consortium led by British Telecom, and Mercury Callpoint, the majority shareholder of which is Mercury Communications, BT's competitor. It is also in the final stages of negotiating similar deals with the remaining telepoint operators – Ferranti Creditphone and a consortium comprising Barclays Bank, Philips, the Dutch electronics company, and Shell, the Anglo-Dutch oil multinational.

Phonepoint, which became the first telepoint operator to launch a service last week, announced that the Post Office, ths Automobile Association, London Buses, Manchester Airport, Granada Motorway Services and THF Motorway Services had also agreed to make their sites available.

These agreements take the number of potential sites available to Phonepoint across the country to 36,000. Customers will be able to make phone calls if they ars within 100 metres of small radio stations which will be set up on the sites.

Phonepoint's eventual plan is to have a base station every 500 metres in big city centres and every 10 minutes' drive along main routes. To this end, it has concentrated on signing deals with travel-related organisations and with companies with prime locations in city centres.

However, Phonepoint made clear yesterday that the service will get off to a slow start. It plans to have only 1,000 of the potential sites covered within a year and 4,000 within two years.

Microwaves investigated in food poisoning inquiry

By Christopher Parkes, Consumer Industries Editor

GOVERNMENT officials searching for the sources of food poisoning outbreaks yesterday turned their attention to microwave ovens and the prepared meals sold for cooking in them.

Mr John Gummer, Minister of Agriculture, ordered an immediate follow-up investigation after receiving evidence that not all microwaves heated food properly. The moves follow several food ecares this year involving products ranging from yogurt to pre-cooked foods.

On the strength of evidence from a small sample of microwaves, oven manufacturers have also agreed to study ways of overcoming variable performance; food makers are to review instructions on their ready-meals, check packaging, and improve labelling in collaboration with oven makers.

The British Standards Institote has also been asked to review performance tests with international bodies "so that a more useful system of performance measurement can be established."

Work on an initial sample of ovens by the Campden Food and Drink Research Association and the Institute of Food Research showed different models might vary in tbeir ability to heat food evenly.

Instructions on food packs could not take account of such variations, the ministry said, adding that if a minimum temperature of 70°C was not reached there was a possibility that any food poisoning organisms present may survive.

The ministry's study, in collaboration with manufacturers and consumer gronps, will involve up to 120 models of oven.

John Brown wins £40m order

By James Buxton, Scottish Correspondent

JOHN Brown Engineering, a division of the Trafalgar House group, yesterday won a contract worth £40m to build a gas turbine power station which will supply consumers in England.

The North of Scotland Hydro-Electric Board (NSHEB) wants John Brown to build a 230 MegaWatt power station to supplement its plant at Peterhead in north-east Scotland.

The board is developing Peterhead using gas piped directly from the Miller field in the North Sea with a view to supplying customers in England and Scotland after privatisation.

John Brown called it the first big power station contract in the oew era of privatisated electricity.

The new power station will use two 115 MW gas turbines. John Brown, which has a successful export record, said it was delighted to win a contract in its home market against strong international competition. The turbines will be made at Clydebank near Glasgow.

The new turbine generators will be used to back up the two existing 660 MW generating sets at the Peterhead station.

The contract with the Miller field's partners, led by BP, obliges the NSHEB to take gas at all times and the standby turbines are needed to cater for periods when the main generating sets are not working.

The existing power station, designed to run on either oil or gas, has not consistently operated at full capacity since it was completed in 1981. However the relatively low cost of the Miller gas, which comes onshore in 1992, and the opportunities which the NSHEB hopes privatisation will bring, will now make it the NSHEB's "flagship power station," Mr Roger Young, its chief executive, said yesterday.

Part of its output will be sold to the South of Scotland Electricity Board which supplies southern Scotland.

Mr Young said plants similar to the new Peterhead power station were likely to be built in England after privatisation and NSHEB would be offering its expertise in this field south of the border.

Scotland's two electricity boards are vertically integrated operations which both produce and distribute electricity. The SSEB is to be called Scottish Power after privatisation and the NSHEB will be called Scottish Hydro-Electric.

Because both organisations have considerable surplus capacity, they are hoping to make large electricity exports to England after privatisation and are already discussing possible contracts.

Ghostly air haunts the corridors of power

Tom Lynch on the recess at Westminster

THE SPEAKER'S chair and the green leather benches of the House of Commons are covered in plastic sheeting, surrounded by ladders and scaffolding. Wires protrude from the wood panelling as workmen install television cameras to broadcast the Chamber's mysteries from November.

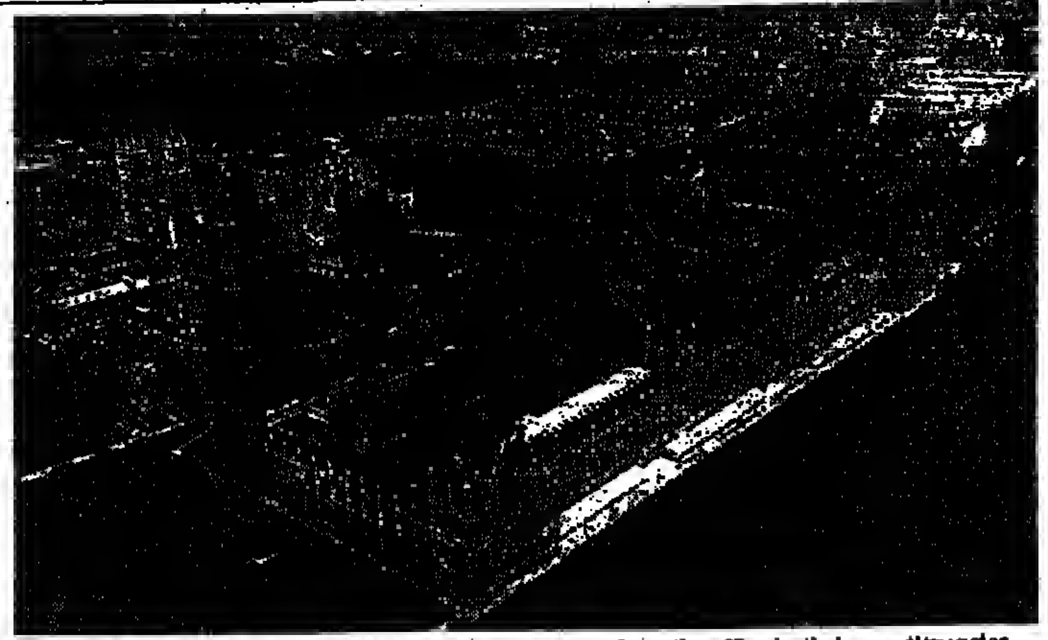
Parliament Square seethes with tourists, but the palace lacks its usual teeming urgency. It is populated only by officials, police, security staff, journalists hoping for a pre-holiday story, press officers trying to sell them a lins and occasionally even the odd MP seeking a quiet place to catch up on some work.

Parliament's byzantine buildings, structures and procedures are bizarre when in full flow, but there is an even greater sense of unreality when the corridors, lobbies and committee rooms are empty.

The three-month summer recess consists of tedium punctuated by interlndes when something is – or more often seems to be – happening.

Mr Chris Patten, the new Environment Secretary, bore the brunt of last week's events, dealing with the toxic waste row, responding to the radical report which advocated rolling green issnes into national accounting and hitting back at critics of water privatisation.

He was also the centre of events which would be ignored in other seasons. There was much fuss about his meeting with a Tory backbencher who had apparently decided that the poll tax might not be such a good idea after all.



Westminster: silence reigns as MPs enjoy a summer away from the office in their constituencies

Prolonged contact with voters seemed to increase the jitters among Tories about the new tax, although most seemed to feel it was a bit late to call for its withdrawal.

The political vacnum is partly the Government's fault. In the good old days of autumn Cabinet reshuffles, tha dog days of August were for speculation. Now the media speculates about other things – there was even a rumour that some rash soul might challenga Mrs Margarst Thatcher for the Tory leadership.

Opposition parties have an advantage during the summer. Mr Robin Cook, the opposition Labour Party's able shadow Health Secretary, teased the Government about the fact that its senior health ministers were on holiday when he launched Labour's "summer offensive" against proposed Health Service reforms.

Newspapers that complain about government hyper-activity in the spring, autumn and winter wonder where ministers go in summer, as if their absence were not good news enongh. On the other hand, ministers do not query the whereabouts of their opposite numbers or journalists.

Perhaps politicians of all parties need firm platforms on which to stand and spout. It is not only Westminster which is dead – there are not even any party meetings or rallies of the faithful at which oratory is called for

Thus the co-ordinated ministerial assault on tha Labour Party took some curious forms. Sir Geoffrey Howe, the deputy Prime Minister, wrote to his constituency chairman while on holiday in France not a friendly postcard about the food and weather, but an attack on Labour's policy review.

It can be safely assumed that Conservativs constituency chairmen in the sonth of England are unlikely to succumb to Mr Neil Kinnock's blandishments, but the letter was dutifully circulated to the media by Conservative Central Office, as was one from Mr John Patten, the Home Office Minister of State, to a group of Oxford Tory academics, many of whom must have also been sunning themselves on distant beaches or exploring ruins.

The Conservatives even issued a statement claimed to have been made by a junior minister to constituency workers. How many party workers were available for a mid-August gathering was not recorded. Even the busy Mr Patten had to send a letter to a backbencher when he decided to mount a strong defence of the poll tax.

Labour is now expert at using the recess to gain publicity, partly because campaign initiatives, such as the NHS drive must be launched in August to help constituency parties' autumn work.

Thers were rumours last week that a shadow Cabinet member took the recess seriously enough to fly back from a foreign holiday and deliver a statement. Perhaps he should have asked Sir Geoffrey about the price of postcards.

The party conference season, which begins next month, will put firm platforms under politicians' feet. Lecterns will be thumped and photo opportunities sought. In the Autumn, the deserted village of Westminster will come back to life, and the only sign that anything has changed will be television cameras showing the Speaker Mr Bernard Weatherill shouting: "Order. Order."

Britain pays a heavy price for congestion

By Kevin Brown, Transport Correspondent

TRAFFIC CONGESTION is imposing heavy costs on the UK and is likely to worsen before remedial action takes effect, the House of Commons transport committee said yesterday.

The all-party committee's annual report on the Government's spending plans for transport welcomes strategic initiatives such as proposals to double the roads programme to £12bn, improved rail links in London, and better air traffic control services.

The committee says, however, these are expensive, long-term solutions which will not produce benefits "for many years."

It says there is an urgent need for low-cost, short-term options to reduce the peaks of congestion.

The report will increase the pressure on tha Government for radical action to attack growing congestion on most transport modes.

The Institution of Civil Engineers reported recently that road congestion is now so bad that it can never be solved.

It also challenges the Government's view that no extra spending on trunk roads and motorways in Kent, south east England, is required as to cope with the Channel Tunnel, due to open in 1993.

"We strongly disagree," the committee says. "The highway anthorities in the north of France are planning high capacity roads to the tunnel. There may be a danger that a large volume of traffic funnelled into the tunnel from the French side will cause severe traffic problems in Kent."

It calls for trunk road schemes for counties affected by the tunnel to be accelerated and completed as soon as possible, and close liaison with the French Government on highway development.

The committee says it is the Transport Department's job to ensure that snpply and demand are kept in balance to eliminate congestion, and calls for a significant increase in public spending on transport.

"A healthy budget surplus and a fundamentally sound economy should be willing to expand its investment in transport," the report says.

Long-term jobless falls to record low

By Ralph Atkins, Economics Staff

SHARP FALLS in long-term unemployment in the UK show no sign of losing momentum despite the slowdown in economic activity, Department of Employment figures indicated yesterday.

The number claiming unemployment benefits for a year or more has now fallen steadily for more than three years to the lowest level since the series began in 1982, the department said.

The proportion of under-25s out of work also continues to drop and is currently about half the European Community average, other figures showed.

The figures provided welcome news for the Government but almost certainly reflect the delayed effects of strong output growth in the past year.

Last week, figures suggested falls in total unemployment were tapering off – a trend that could be reflected later this year in long-term unemployment.

In the three months to July, the number out of work for a year or more fell by 70,000 to 675,000. That was slightly lower than the fall during the previous three months but in line with the average drop in the past year.

Mr Patrick Nicholls, Employment Minister, said:

"Long-term unemployment is continuing to fall at a faster rate than unemployment generally and the very long-term unemployed are also experiencing noticeable falls."

In the 12 months to July, long-term unemployment fell across all UK regions with the sharpest falls in the South East, East Anglia, the South West and West Midlands.

The smallest falls were in Northern Ireland and Scotland.

The total number of unemployed aged between 18 and 24 was 520,000 in July, down 10,000 from three months before.

International comparisons show an unemployment rate of 9.6 per cent among under-25s, lower than in all other European Community countries apart from West Germany, Denmark and Luxembourg.

The Community average was 18.1 per cent.

Date set for pubs revamp

By Christopher Parkes, Consumer Industries Editor

BRITAIN'S leading brewers are to bs given two years to restructure their drinks retailing interests, according to draft orders published yesterday by Mr Nicholas Ridley, Trade and Industry secretary.

By November 1991, brewers with 2,000 pubs or more will havs to operate half of the numbsr above that level as "free houses," allowing the pubs to sell any beer they choose. Currently, brewers are allowed to exercise monopoly of beer in their pubs.

Under the draft orders, brewers will also have to lease the new free houses to tenants at "markst rents" by the same deadline.

The brewers will have until May next year to introduce most of the other changes, announced by Lord Young, Mr Ridley's predecessor, in July, after a long tussle with ths brewers over recommendations for a radical overhaul of the British drinks business by the Monopolies and Mergers Commission.

TECHNOLOGY

Neptune photographed from 7.5m miles

As Voyager 2 approaches Neptune, **Clive Cookson** traces the astronomical finds of a romantic 12-year mission

Tales of the unexplored

This week the world is enjoying a spectacular reminder of the glorious days of American space exploration in the 1960s and 1970s. On Friday morning the spacecraft Voyager 2 will fly within 3,000 miles of Neptune – the most distant object known in the solar system – thus completing e 12-year, 4.4bn-mile tour of the four giant outer planets.

Although Voyager's main radio receiver has failed and its scanning platform has e lubrication problem, all 11 scientific instruments are working. Nasa expects the pictures of Neptune and its ettendant moons to be as revealing as the ones sent back from Jnpiter, Saturn and Uranus.

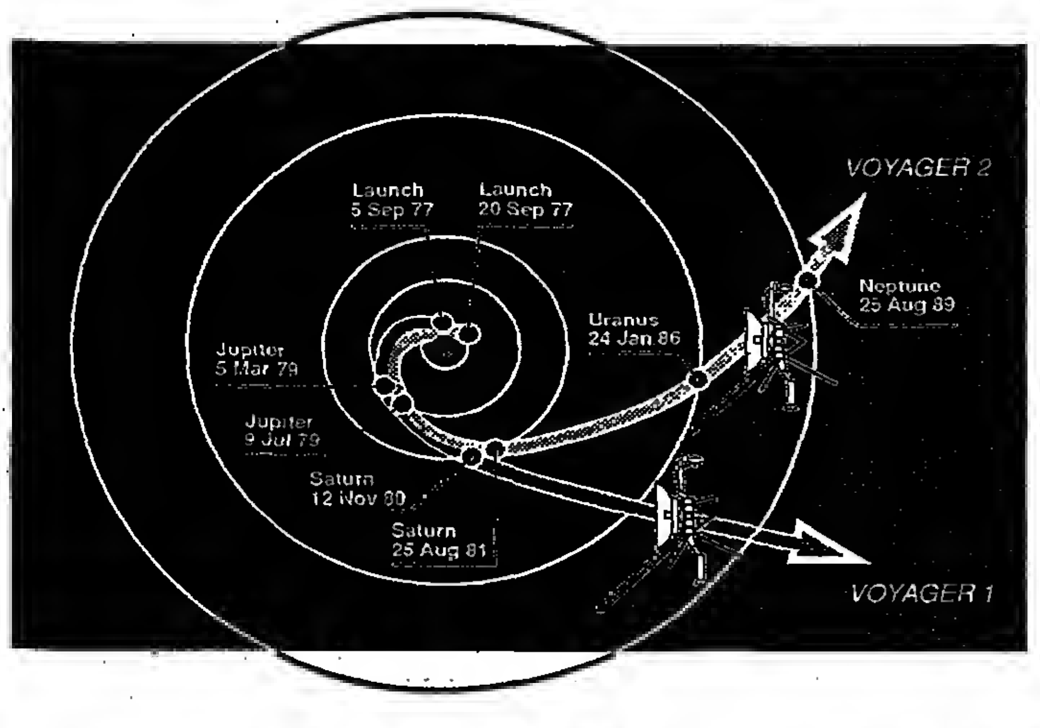
Neptune is invisible from Earth with the naked eye and even the most powerful telescopes show no more than a fuzzy blue-green ball. But already, on the approach to Neptune, Voyager has detected a lively atmosphere around the planet, with atriking blua bands, a giant dark spot which is probably a huge storm as wide as the Earth, and smaller hurricane-like storms with 400 mph winds. The swirling gases are believed to consist mainly of methane, hydrogen and helium.

Before this year, astronomers had observed two moons orbiting Neptune: Triton and its smaller sister Nereid.

Triton has a thin atmosphere, probably containing methane and nitrogen, coloured pale red by organic compounds created through complex photochemical processes. It is cold enough for some of the nitrogen to exist as a liquid or solid, and its surface may have methane icebergs floating in oceans of liquid nitrogen, or rocks and mountains frosted with solid methane. The latest pictures show that Triton is brighter, cooler and only half the size previously estimated; it is now thought to be slightly smaller than Earth's moon.

Over tha last month, Voyager has discovered four new moons around Neptuna and astronomers expect to find more this week. It has also found two partial rings or arcs, probably composed of dust or pebble-sized material; these may be accompanied by "shepherd" moons, like those associated with Saturn's more extensive rings, which keep the material in position through gravitational interaction.

Although there is no way of updating Voyager's 1970s hardware, mission controllers at Nasa's Jet Propulsion Laboratory (JPL) in California have transmitted updated software to the on-board computers and communications system. New data compression programs enable the spacecraft to send back full-resolution pictures with one third the number of bits of information used when passing Jupiter and Saturn.



Voyager has also been taught new "image-motion compensation techniques". These prevent pictures blurring because of camera movement during the several-second exposures required to capture enough light. The sunshine on Neptune is only one-thousandth as bright as on Earth.

Nasa has also increased the ability of its Deep Space Network (DSN) of radiotelescopes to receive the information on Earth. This week the spacecraft is transmitting data at the same rate – 21,600 bits per second – as three years ago from Uranus, although it is 1bn miles further away.

Voyager's 22-watt transmitters have about the same power as a refrigerator light bulb. When the radio signals reach the DSN receivers four hours later, they are 200 million billion times weaker. To help pick up such faint signals, Nasa has enlarged the three largest DSN antennae (at Goldstone, California; Robledo, Spain; and Tidbinbilla, Australia) from 210 to 230 ft in diameter and fitted new supercooled low-noise amplifiers.

In addition, 35 other radiotelescopes on four continents are listening for Voyager's signals this week – the most extensive co-operative effort in the history of space exploration.

Nasa scientists started planning the Voyager mission in 1972, on the basis of a concept known as the Grand Tour, to take advantage of a geometric arrangement of the outer planets which occurs only once every 176 years. When the twin Voyager spacecraft were launched in 1977, Jupiter, Saturn, Uranus and Neptune were lined up in a way that would allow a properly directed spacecraft to swing from one planet to the next without using powerful rocket engines. The gravity of each planet would bend the flight path and accelerate the spacecraft towards its next destination.

While the Grand Tour remained at the back of the scientists' minds, the US Government originally funded the mission only to explore Jupiter, Saturn and their moons. Those encounters far exceeded expectations. At Jnpiter, the spacecraft photographed spectacular volcanoes on the moon Io, found three new moons and discovered thin rings of dust around the planet.

Seen close up, Saturn's famous rings turned out to have an amazingly complex dynamic structure, with thousands of wave-like features caused by the gravitational effects of small moons. Some looked like braided hair and others like spokes of e wheel. And Saturn's largest moon Titan had a dense atmosphere composad primarily of nitrogen, containing simple organic chemicals that might heve evolved into living organisms if it were not so cold.

These manoenvres bent the path of Voyager 1 ont of the plane in which most of the planets orbit the sun. It was therefore unable to continue on the planetary Grand Tour and is now heading out of the solar system into interstellar space. Bnt Nasa won extra money to enable Voyager 2 to continue to Uranus. (The total cost of the entire Voyager mission to date is $865m.)

Voyager 2 observed a bland etmosphera around Uranus, without the dramatic storms seen on Jupiter, Saturn and Neptune. Bnt Uranus had a strange magnetic field with e corkscrew-shaped tail extending millions of miles into space.

And close-ups of the Uranian moon Miranda showed a tortured landscape of mountains and valleys fractured by geophysical forces.

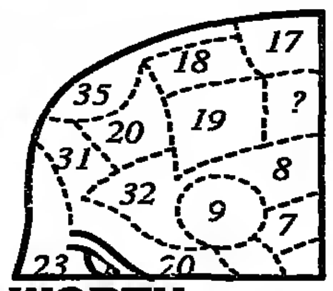
Many of the JPL scientists who planned the Voyager mission are astonished that the craft has survived 12 years in the harsh environment of space – bombarded with cosmic and solar radiation and passing close to the rocks and dust of several planetary rings.

Voyager is due to film "the last picture show" from 3,000 miles above Neptune's cloudtops at about dawn British time on Friday. This is the closest it has been to any planet.

Future US and Soviet planetary spacecraft will be aimed at single targets – Venus, Jupiter and Mars – rather than flying past several. There is no prospect for at least another generation of a mission to Pluto, the last unvisited planet in the solar system.

Bnt, despite the nostalgia, Neptune is not quite the end of the Voyager story. If Voyager 2 survives this week's encounter, it will hurtle on into interplanetary space, like Voyager 1. Both spacecraft have enough energy in their plutonium-powered nuclear generators to go on transmitting signals to Earth until 2020.

Sometime early in the next century the Voyagers will cross the "heliopanse", the outer boundary of the solar wind, beyond which the sun's energy has no influence on space. They may then provide the first direct measurements of true interstellar space.



WORTH WATCHING

Edited by **Della Bradshaw**

Paging the pocket diary

A PROBLEM faced by many executives is that their secretariee make eppointments in their desk diaries which conflict with the ones which they have made in their pocket diaries, writes Hugo Dixon.

This happens particulerly when they ere out of the office, leaving the desk diary with the secretary.

There could be an enswer to thie frustration by the end of the year through the combination of paging technology with pocket computers. Psion of the UK, which has pioneered pocket computers with its Organiser, is talking to Racal Vodapage about the possible product.

Potentially the secretary could use the product to contact the executive over the Vodapage network. The device in the pocket organiser would bleep, elerting the user to call the office. Alternatively e message could eppear on the Orgeniser's display.

Eventually, the secretary may even be able to make entries in the electronic diary.

Penetrating move in ceramics

SINCE the first spece shuttle wae unveiled, clad in white tiles, the public has known about advanced ceramics. But the spread of such malerials in industrial epplications has been hampered by difficulties in engineering them.

In particular, the extra-durable materials are difficult to cut.

The Los Alamos Nationel Laboratory, in New Mexico, haa patented an ultrasonic drill which can penetrete advanced ceramics to e depth of 1½ in – compared with only about e third of an inch with most other drills.

The vital component is a revolving seel, which attaches a hose to the tubular drill head. The hose allows part of the liquid slurry, produced when the drill eats into the ceramic, to drain awey instead of clogging up the process.

Coat without a sticking point

IMAGINE a pair of denim jeans that are both waterproof and comfortable.

Thet is just one of the possible epplications for an anti-stick coating, called Kiss-Cote, which can elso be used to prevent bernacles sticking to boat bottoms or to line ertificiel blood vessels to help prevent clotting. Used on cloth, it allows moisture to escape but not to get in.

The coating can be epplied directly to e surface. With most previous non-stick coatings the substance had to be bonded to the surface with intense heet because, by nature, a non-stick coating eimply doee not stick.

Kent Integrated Scientific Systems, of Florida, has overcome thie problem by taking one of tha most inert materials known, a silicone rubber called polydimethyl siloxene, end making a single spot on the molecule reective, so that it sticks to the surface.

The company is marketing Kiss-Cote in the US end is looking for companiee which it could license to use or sell it elsewhere.

Data service in tongues

ONE OF the difficulties in getting commerciel data about overseas companies is that the informetion is usually in enother language. This means that non-polyglots ere at e disadvantage.

To elleviate the problem, which is looming larger in the flurry of pre-1992 cross-border acquisitions, Dun & Bradstreet has developed a system which will translate the information. Customers wenting data on the 7m European businesses included on the database can press e button to gat information translated into their native languaga.

To offer the service, Dun & Bradstreet has developed an expert system, which emulates the wey a humen would translate tha material but can do it more quickly.

The service is avellable in eeven lenguages. There is elso one which will translate between American end British English. In American English, for example, turnover means apple pie – the system would have to translate the financial version into "net sales".

A bridge between computers

THE SCENARIO is all too familier: the data processing depertment has its own betch of meinframes, marketing bought Apple machines and personnel favours IBM PCs. The problem ie how to make them communicate.

Herris Systems, of Floride, has developed e communications controller which ellows IBM mechines and computers running under the Unix end Dos operating systems to work together. The controller box translates the software so that files written on one type of computer can be displeyed in the different format of another.

Later this yeer Apple Macintosh machines will be included, end during 1990 the latest IBM PC operating system, OS/2, will be catered for.

SuperNet is available in the US end is being launched in Europe this month.

New departure for a door

WHEN is a door not e door? When it's e fire extinguisher, thermometer and clock.

Thet is the promise of e plastic door, designed by the London consultants Lovegrove and Brown, as part of a General Electric project in the US to build e house entirely from tough engineering plestics.

The door, which is made in two blow-moulded sheets, incorporates e gless window with a built-in liquid crystal display which gives tha time, dete end temperature.

For fire fighting purposes, a smoke sensor and sprinkler are built into the top of the frame. Whan e fire breaks out a curtain of water runs down the door.

CONTACTS: Psion: London, 723 9408. Los Alemos National Laboratory: US, 505 687 7000. Kent Integrated Scientific Systems: US, 813 962 2702. Dun & Bradstreet: London, 377 4377. Harris: US, 407 727 9100. UK, 0734 698787. Lovegrove and Brown: London, 729 2739.

TECHNOLOGY MARKET

TECHNOLOGY TRANSFER

The Financial Times proposes to publish this survey on:

Tuesday 10th October 1989

For a full editorial synopsis and advertisement details, please contact:

Michael Rowlands on 01-873 3349

or write to him at:

Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

JOBS

How living costs vary around the world

By Michael Dixon

IT is a fair bet that there are few groups of people who collectively travel more widely than Jobs column readers. My reason for saying that lies in what happened after I last gave indicators of international variances in living costs just over 12 months ago.

Although the list covered 66 different parts of the world, the main response consisted of inquiries as to the position in various places elsewhere. The table alongside is my effort to do better on this occasion.

The figures are taken, as before, from the P-E Inbucon consultancy's just published survey of tax rates and costs of living across the globe. Since the table presents only a tiny part of the data given in the full report, anyone wanting to know more should contact Tom Raftery of the consultancy at Park House, Wick Rd, Egham, Surrey TW20 0HW; tel 0784 434411, fax 0784 71404.

Numerous surveys are made of international costs. The standard method is to find out the prices in each place of a "basket" of goods and services typically bought by executives' families, for example, and then express the cost of the basket as a percentage of the prices of a comparable range of goods and services in a benchmark city. Unfortunately, since comparing housing prices is fraught with difficulty, the standard studies taka no account of them.

Another snag is that the surveys' findings differ. So in an attempt to iron out some of the variances, P-E Inbucon takes aeveral of the standard surveys, and wherever at least three of them provide similar figures for the same place, avarages them out. The result is an "Index of indices", from which my table is drawn.

Each place'e living cost index, atandardiaed on London as 100, is given in the first column after its name. Then comes the latest annual inflation rate available at the date when the consultancy compiled the information: April 1 1989. The same day's exchange rates – shown in the next column – were used in converting the other countries' currencies into sterling.

My reason for citing those somewhat elderly exchange rates is to enable readers to adjust the cost indices in line with currency-market changes. Each index can be brought up to date by taking the exchange rate given here, dividing it by the rate in force at the later date, then multiplying the result by the cost figure in the table.

In using the do-it-yourself international living costs estimator, however, there are several things readers need to bear in mind.

Place	Living cost index	Inflation %	Exch'ge rate £1 =	Place	Living cost index	Inflation %	Exch'ge rate £1 =	Place	Living cost index	Inflation %	Exch'ge rate £1 =
Bulgaria, Sofie	176.0	6.2	1.49	Austria, Vienna	100.5	1.5	22.44	Greece, Athens	89.7	14.0	270.40
Japan, Tokyo	166.7	1.1	225.00	**UK, London**	**100.0**	8.3	1.00	Netherlands, Amst'm	89.0	0.9	3.59
Chad, N'Djamana	131.9	8.2	538.50	USA, Los Angeles	100.0	4.8	1.70	Burundi, Bujumbura	88.9	3.2	262.30
Congo, Brazzaville	130.0	5.0	538.50	Qater, Doha	99.4	1.6	6.17	Kuwait (City)	88.5	1.5	0.49
Finland, Helsinki	129.1	6.5	7.16	Italy, Milan	98.6	6.1	2,238.00	Brunei (Town)	88.4	2.5	3.32
Norway, Oslo	128.7	5.2	11.58	Cuba, Havana	98.1	7.2	1.29	S Arabia, Jeddah	88.0	1.4	6.37
Taiwan, Taipei	120.0	4.1	46.00	UAE, Dubei	98.0	1.5	6.24	Indonesia, Jakarta	86.6	7.1	2,981.91
Gabon, Libraville	119.9	-10.9	538.50	Germany, Frankfurt	97.4	2.6	3.19	Honduras, Tegucig'a	85.8	3.9	3.40
Libya, Tripoli	119.3	6.5	0.50	France, Paris	97.3	3.1	10.77	Luxembourg	85.6	1.9	66.80
Sweden, Stockholm	117.4	9.9	10.86	Antilles, Curacao	96.7	3.3	3.03	Philippines, Manila	84.9	7.8	33.90
Romania, Bucharest	115.8	5.0	14.78	USA, New York	96.2	4.8	1.70	Bangledesh, Dacca	83.1	11.2	54.00
Rwanda, Kigeli	115.4	2.3	132.79	Bahrsin, Manama	95.9	-0.5	0.64	Malta, Vallstta	82.6	3.3	0.58
Angole, Luande	113.7	4.0	50.95	Barbados, Bridget'n	95.7	4.9	3.41	Portugal, Lisbon	81.4	12.2	263.50
Denmsrk, Copenh'n	112.0	4.5	12.41	Benin, Cotonou	95.7	4.0	538.50	Panama (City)	80.0	0.8	1.70
Ivory C't, Abidjan	111.9	6.8	538.50	Canada, Toronto	95.5	4.3	2.02	Cyprus, Nicosia	77.7	4.2	0.83
Meuritania, N'chott	110.3	7.0	127.12	N Zealand, Well'tn	95.5	4.7	2.79	Nepal, Kathmandu	77.7	8.1	40.68
Togo, Lome	107.9	-1.7	538.50	Germany, Berlin	94.5	n/a	3.19	Melaysia, K Lumpur	75.9	2.5	4.66
Switzarland, Zurich	107.3	2.3	2.81	Antigua (City)	94.3	2.3	4.58	Jamaica, Kingston	75.9	7.2	9.19
USSR, Moscow	107.1	10.0	1.06	Algeria, Algiers	94.0	8.5	11.66	Morocco, Casablanca	73.9	2.4	14.10
S. Korea, Saoul	106.2	7.1	1,130.93	Belgium, Brussals	93.8	2.4	66.80	Kenya, Nairobi	73.7	8.6	32.40
Gambia, Banjul	105.9	12.4	11.02	Papua NG, P Moresby	93.3	4.7	1.44	Tunisia, Tunia	73.5	5.9	1.61
Nigeria, Lagos	104.5	12.4	7.85	Oman, Muscat	92.9	-5.0	0.65	Zimbabwe, Harare	71.4	7.4	3.41
Niger, Naimey	104.2	0.5	538.50	Haiti, P au Prince	92.7	1.8	8.47	Thailand, Bangkok	71.1	3.1	43.50
Burinka F, Ougad'u	103.5	3.1	538.50	Trinidad, P o' Sp'n	92.7	12.0	7.20	Jordan, Amman	68.7	4.6	0.90
Senegal, Dakar	102.6	-4.6	538.50	Cape Verde, Praie	92.8	8.0	129.54	S Africa, Jo'burg	68.0	12.5	4.34
Spain, Madrid	101.2	8.2	187.85	Balize (City)	92.0	1.8	3.39	Botswana, Gaborone	67.8	8.8	3.47
Ireland, Dublin	101.1	2.7	1.18	Singepore (City)	81.0	1.5	3.32	Pakistan, Karachi	66.5	10.2	34.10
Ethiopia, Addis A	100.9	10.5	3.48	Hong Kong, Victoria	90.9	10.5	13.22	Chila, Santiago	65.9	10.9	429.33
Bahamas, Nassau	100.7	3.1	1.70	UAE, Abu Dhabi	90.6	1.5	6.24	India, New Delhi	61.6	7.4	27.00
Austrslls, Sydney	100.5	7.7	2.10	USA, Washington	90.5	4.8	1.70	Czech'vakia, Prague	47.9	0.1	25.45

Cautions

The first is that it gives only rough approximations, especially since housing prices are excluded. A second is that the indices refer to specific cities, not whole countries. The differences that distance can make to costs is illustrated by the figures for the three United States cities included in the table. But even in far smaller countries a relatively few miles can have a marked effect.

To save anyone the bother of counting, the number of places covered this time is 90. That will quite probably still be not enough to satisfy all in the congregation. But a column like this has only a limited amount of space, and a table of today's complexity necessitates a good many words of explanation. So although P-E Inbucon's report covers 124 places, I have left out all those with an inflation rate of more than 12.5 per cent.

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CONTRACTS

£40m gas turbine generators

North of Scotland Hydro-Electric board has awarded a contract worth over £40m to JOHN BROWN ENGINEERING of Clydebank for two gas turbine generator units for installation at Peterhead power station, in association with the Miller gas project.

Each unit will have a nominal capacity of 115MW, and the contract covers supply and installation of the generators, and all ancillary equipment including transformers, buildings and exhaust stacks.

The turbines will be used as standby generation plant for Miller gas if one of the two 660MW existing sets is not available. The plant should be ready to receive gas by 1992 when Miller gas is forecast to come on-shore.

The electricity board has contracted to take the whole of the gas from the Miller oilfield for use at Peterhead power station. It is expected that supplies will last for over 14 years.

Opencast coal production site

COAL CONTRACTORS (UK) has been awarded a £14.4m contract by British Coal Opencast Executive to extract 300,000 tonnes of coal from a 129 hectare site at Rainge near Stretton, Clay Cross in Derbyshire.

Site preparation has started. Production levels will build up to 4000 tonnes weekly, and coal extraction will last just under five years, creating over 100 jobs.

The site contains areas of dereliction from old private mines, and restoration at the end of the site's life will principally be to agriculture. An area of well-established woodland containing valuable wildlife species has been excluded from the site.

Upgrading early warning system

COSSOR has received orders worth £3m ($4.7m) from the equipment division of its parent company, Raytheon, for support services in engineering; computer operations and manufacturing, for the Ballistic Missile Early Warning System (BMEWS) site III at RAF Fylingdales in Yorkshire.

This follows the award of a $166.8m contract to the division from the United States Air Force in June 1988 for e full system upgrade at the Yorkshire site.

Initially, Cossor is providing a team of engineers which is at present working with the Raytheon development team in the US. This team will return, under a further contract, to assist at Fylingdales with the installation, commissioning and warranty phases of the programme which are scheduled to commence in 1991.

Additionally, Cossor will supply a team of logistics, administration and computer operations staff which will also work on the site during the implementation phase.

On the manufacturing side, Cossor is assembling the antenna array plates for the three faces of the phased array antenna system - each of which comprises 2560 active array elements. Work has started and is scheduled to be completed in July 1990. Cossor will also be assembling over 15,000 cables for fitting to the array plates.

This will be the second BMEWS radar upgrade built by Raytheon. The first radar upgrade at Thule, Greenland, provided an all solid-state phased array radar that is driven by a computer and software. The radar system is capable of early warning against intercontinental, intermediate range, short range and sea-launched ballistic missiles. It is capable also of Spacetrack, which entails keeping track of the thousands of satellites and other objects presently in space.

The Fylingdales radar upgrade will differ from the one in Greenland in that it will have three antenna faces mounted at 120deg which will provide warning and tracking capabilities over 360 degrees of coverage.

Coil line facilities in the US

THE BRONX ENGINEERING CO, Stourbridge, West Midlands, and VIL-USA INC, Elmhurst, Illinois, US, both members of the Verson International Group, have been awarded a contract valued at £5m (US$8m) to design, build and supply coil wrapping and coil inspection line facilities for the PROJECT SHIELD electro and hot-dip galvanising plant being built in New Carlisle, Indiana, US.

PROJECT SHIELD is a joint venture being formed between Inland Steel Industries, US, and Nippon Steel Company, Japan.

Scheduled for completion and to be on stream in late 1991, this new line will be located adjacent to the I/N Tek continuous cold mill now being completed and where Bronx and VIL-USA have installed a similar coil wrapping line ordered by I/N Tek in 1988.

Computer controls petroleum supplies

Computer systems house TOPAS (UK) has been awarded a £4m contract by Esso (UK) for a computer which will control the order processing and distribution of petroleum to the company's network of authorised distributors.

IBM AS/400s will be installed at distributors around the UK, and will be linked to Esso's corporate mainframe in Victoria, London.

The system will improve distribution operation by increasing the automation and integration of the different elements of the supply operation.

The project will inclnde a training program for the Esso distributor personnel.

Nearly £5m worth of contracts for projects at Blyth, Amble, Darlington, and Willington have been won by CECIL M. YUILL. The Blyth contract, (about £1.3m) is for over 50 houses and flats. The Amble contract (nearly £1m) is for 18 flats plus a "frail and elderly" unit at Percy Drive, Amble.

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FINANCIAL TIMES
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MANAGEMENT

An extended family of hand-picked executives

Julian Ogilvie Thompson talks to **Kenneth Gooding** about his role as chairman of a South African power base which includes Minorco — recently thwarted in its takeover ambitions

The telephone rings outside Julian Ogilvie Thompson's office and a secretary answers: "E Oppenheimer and Sons." That is significant because Ogilvie Thompson is better known as deputy chairman of the Anglo American Corporation of South Africa, as chairman of De Beers Consolidated Mines and as chairman of Minorco, appointments which make him one of South Africa's most influential businessmen.

His power base is soon to be enlarged; it was recently let slip by Gavin Relly, the present chairman of Anglo American, that Ogilvie Thompson will succeed him when he retires in about 18 months.

Ogilvie Thompson looks genuinely embarrassed when pressed to say whether he will retain the other two chairmanships but gives a clear indication that he will. He points out that it is only since 1982 that Anglo and De Beers have had separate chairmen. He suggests the system worked only because he and Relly have been able to get on very well together. But "there would be advantages if we (the Anglo-De Beers group) went back for a period to having one chairman for all three companies," he says, sweeping Minorco also into the concept.

Those advantages spring from the very close relationships and complex corporate linkages between the companies which move many observers to conclude that, far from being three separate entities, they are indivisibly one.

Furthermore, there is more than a suggestion that the real power lies with a private company – the previously-mentioned E Oppenheimer and Son. This company pays Ogilvie Thompson's salary in an off-shore tax haven.

It was named after the late Sir Ernest Oppenheimer, who, with his son Harry, from 1902 used the wealth generated from gold and diamond mines in South Africa to build up one of the most powerful industrial empires the world has ever seen. It encompasses more than 100 corporations with interests in six continents.

Harry Oppenheimer stepped down as chairman of Anglo and De Beers in November 1984 after 27 years in office. A sprightly 80, he is frequently on hand at the group's head office in Main Street, Johannesburg, should the executive directors want his counsel.

Although E Oppenheimer, a private, family company, owns only about 11 per cent of the Anglo-De Beers group, every penny of the family fortune is wrapped up in that interest. So Oppenheimer has taken great care to place in every key position executives he has hand-picked and on whom he can completely rely.

His son, Nicholas, is a deputy chairman of Anglo and just the right age, 44, to succeed Ogilvie Thompson when the latter retires.

The Anglo-De Beers management style is of informal contacts between men trained in a certain Anglo-South African tradition, which has been described as somewhat mandarin and patrician. It is hinted that there is never a vote taken at any Anglo group board meeting. Decisions are arrived at by consensus.

Most of the people in the highest echelons of the group are Oxford University graduates and Rhodes scholars. Many of them worked for a time as Oppenheimer's personal assistant.

Ogilvie Thompson is straight cut of this particular mould. His father was Chief Justice of South Africa from 1970 to 1974. He went to Cape Town's elitist school, Bishop's, and won a Rhodes scholarship in 1953. He read philosophy, politics and economics at Oxford's Worcester College before joining Anglo's London office as a management trainee in 1956.

During his London years he packed in a short spell in De Beers' diamond sorting office and time with Anglo's (then) stockbrokers, Rowe and Pitman, and merchant bankers Lazards before returning to Johannesburg in 1957. Very shortly afterwards he was appointed Harry Oppenheimer's PA before moving to the finance division in 1961.

He is now 55, a very tall, big man with thick grey hair. He has a very precise, even prissy, manner, choosing each word with great care while arranging and re-arranging the things on his desk in neat patterns.

The only jarring note is his habit of speaking, clearly and in non-accented English, with a cigar stub stuck firmly in the extreme right hand corner of his mouth.

Some insiders suggest his command of matters financial took him to the top of the group. Others say a card-index memory which enables him to understand the labyrinthine complexities of the group's structure also played its part. They say he has a phenomenal enthusiasm for sheer hard work and the ability to assimilate quickly the essentials of any subject he tackles.

And, although not a blood relative, he is, of course, a devoted member of Oppenheimer's extended family.

Ogilvie Thompson dismisses out of hand any suggestion that the "extended family" management system is open to criticism as long as Anglo ensures that it does not become too inward-looking and maintains wide contacts outside the group both in South Africa and abroad. He says the system enables a group "to plan and think on a long-term basis." In any case, "life is much nicer if you work with friends."

He is still smarting from the tactics employed by Consolidated Gold Fields, the diversified UK mining group, during the £3.5bn bid by Minorco, Anglo's Luxembourg-based, off-shore investment company.

The failure of that bid and the subsequent decision to sell Minorco's near-30 per cent shareholding in Gold Fields to Hanson has considerably set back Minorco's plans to become a world-class natural resources company, he admits.

During the bid Gold Fields played the anti-South African card for all it was worth and hinted that Anglo was devious (because of its use of tax havens and "hidden" payments to executives) and was operating a cartel (because of De Beers' Central Selling Organisation which controls 80 per cent of world trade in rough or uncut diamonds).

Julian Ogilvie Thompson: advantages in having one chairman

Ogilvie Thompson, like the other senior Anglo executives, was appalled. Anglo had always considered itself, with a great deal of justification, as an enlightened and liberal element in the South African economy: sponsoring advancement for blacks, encouraging trade union recognition, even starting South Africa's first share bonus scheme for employees. Oppenheimer personally helped finance political opposition to the apartheid regime.

Ogilvie Thompson says, pragmatically, that the bid showed Minorco probably would not be welcome in some countries.

Dealing with some of the specific Gold Fields' claims, he says it would be foolish for Anglo to attempt to build up the percentage of its assets outside South Africa via Minorco – given the amount of cash the group is generating in South Africa and the country's rigorous exchange controls. Those controls "are likely to last until the end of this century – even if there is a change of government."

Anglo's strategy, he makes clear, is to remain primarily a South African group but with some foreign interests so "we can keep our technology at the cutting edge."

Asked to look ten years ahead, he suggests that by then Anglo should have in South Africa at least one new gold mine and one new nickel mine and have joint interests in other new mines. "We don't feel the last of the mines have been found in South Africa – either gold or base metal mines."

De Beers also hopes for new mines to increase its diamond production. "Obviously you get more profit from diamonds you produce and sell rather than when you just get the marketing margin."

He points out, however, that one difficulty in the diamond business is that retail demand is growing at a steady annual 8 per cent but any increase in production involves a big and sudden step up.

As for Minorco, he expects that in the longer term it will achieve its objective of becoming a major natural resources group outside South Africa and that the Anglo-De Beers group will have achieved an important objective – reducing its present 60 per cent shareholding in Minorco to 40 per cent.

All this indicates that Ogilvie Thompson is relatively hopeful that South Africa can deal with its complex political and economic problems without falling into chaos. He says: "The way South African politics are moving I would hope over a period they will come right...I can't help feeling that sometime in the 1990s there will be this change."

The illiteracy that undermines engineering management

John Griffiths on an argument for raising technical awareness

A life spent at the sharp end of product development for an aggressive multinational – Ford – has resulted in his US colleagues calling Ron Mellor "a mover and shaker".

Much of his time is now spent rattling Birdcage Walk – No 1, to be precise, the home of the Institution of Mechanical Engineers. And if the noise disturbs politicians a stone's throw away across London's Parliament Square, then as far as Mellor is concerned, so much the better – "The level of technical illiteracy among those who are supposed to govern us is appalling," he maintains.

He speaks in his capacity as secretary (chief executive) of the 78,000-member IMechE, at a time when the institution itself is about to become a focus for considerable motor industry attention.

The IMechE is now in final preparations for Autotech '89. Scheduled to take place in mid-November at Birmingham's National Exhibition Centre, the four-day combined congress and exhibition is aimed at bringing together senior automotive engineers from the main vehicle producing countries to review technological progress and examine detailed and strategic automotive trends.

It is an event which Mellor hopes will be seen as a landmark in that it will demonstrate that the UK is still a repository for a great deal of automotive engineering expertise and provide evidence that the IMechE's conservative attitudes and practices are being supplanted by a vigorous, drum-banging approach more suited to the modern world.

Mellor has worked hard at giving a higher profile to the IMechE since taking over as its secretary two years ago, not just among its membership but to the world at large.

The Government, and politicians in general, remain a high-priority target; Mellor, 58, and former executive director, product development, for Ford of Europe, makes plain his belief that the level of understanding among politicians about engineering in general, and its contribution – actual and potential – to the UK economy is abysmal.

"I'm supposed to be literate and able to communicate; we, as engineers, are expected to be conversant with the world. But there's precious little effort made at Westminster and in Whitehall to communicate with and understand us.

"It's not as if it's a universal problem – it doesn't happen, for example, in West Germany, where there is a far higher level of technical expertise among government and politicians. There are only four or six chartered engineers in Parliament."

The problem is linked to a wider fundamental issue in the UK, poor education standards overall, he insists. One of the most consistent difficulties faced by Ford over the years in the UK has been finding adequate middle managers and line workers capable of keeping assembly lines running in a reasonably efficient manner.

"Education standards are so low in some parts of the country that production workers simply don't have the awareness and alertness of line workers in other countries.

'Education standards are so low in some parts of the country that production workers simply don't have the awareness and alertness of line workers in other countries'

"Yet the higher the level of education a work force has, the better it will be."

The problem has led Ford to undertake a great deal of work-force education on its own behalf, he points out – "but it remains a mystery to me why the native British don't generally value education."

The biggest task, suggests Mellor, is to establish what rate of improvement can be achieved, given belated government recognition that technology should have a core part in the educational curriculum.

"The system is simply not educating enough people to the required standard, in part because of university cuts. Nor is there enough effort or resources going into re-educating, or even rendering numerate, people who may have missed out on proper schooling, for whatever reason, earlier in life."

Mellor insists that he is not making political statements, merely trying to make those with power understand the importance of manufacturing to the economy.

At least the quality of engineering teaching is high in the UK, even if the status of engineers in the eyes of the public is not, he observes.

Sometimes, though, the engineering profession is its own worst enemy, he suggests.

"The profession doesn't portray itself well – partly because of the nature of engineering, and partly because of the way 'engineer' is used in the English language." He maintains that it is seen too often as describing "the guy you call in to fix things" rather than – as in West Germany – a term applied with the same degree of respect as "doctor".

The situation has been perpetuated by a tradition of relatively low pay in UK engineering and a lack of militancy to improve it. "The trouble is, people get hooked on engineering – it's very hard to break out of it. Numerate things behave in a nice, predictable way, not like – say – newspaper editors, where there's a very subjective element."

However, in the past two years, as UK demand for engineers has substantially outstripped supply. Mellor has been detecting a rising curve in salary levels. Come the single EC market post of 1992, he says, engineers should become much more mobile. Faced with a UK exodus, "we will see dramatic change in the way our engineers are treated."

That factor should provide Jim Randle, head of product planning at Jaguar and Autotech's steering committee chairman, with ammunition for achieving another goal of the forthcoming, and third, Autotech - to attract new, young blood into the industry.

To this end, Autotech is to include a series of seminars for schools at which, says Randle, "we hope to demonstrate to the youngsters that engineering is an exciting and rewarding career, not the oily rag picture that the media so often promotes."

Television

The decline and fall of the spoken word

Ludovic Kennedy who retired recently and as a consequence has, it seems, started doing more work than ever before, appears to have had great fun with his BBC2 series *A Gift Of The Gab* which snds tomorrow evening. Oratory is clearly one of his passions, and programmes are always better when they deal with something about which the presenter is truly enthusiastic.

But while it makes perfect sense to use archive film to show the speaking style of Hitier or Lloyd George, it seems odd to inclnde actors playing great speakers from previous centuries. We may know what they *said*, but oratory is surely a question of *how* they said it, and who knows in the case of Bunyan or Elizabeth I?

Jack Pizzey, expert commentator in *Slow Boat to Surabaya*

*

It seems like damning with faint praise to suggest that the words "The front of the Jeep is a piece of iconography as American as the Coke bottle" represent a remarkably literate and stylish bit of script-writing for a modern documentary. Yet the writing of commentary has declined so rapidly (witness the recent repeats of James Cameron's programmes from the 60s; they seemed almost Victorian in the casual way they used expressive and multi-syllabic words) that ona now welcomes with surprise anything more complicated than "Iss dead good, right?"

This is yet another result of the ascendancy of the producer and the decline of the on-screen reporter. *There are still* a few reporters left — Joan Bakewell and David Jessell, for example, and also Jack Pizzey, who noted tha iconographic strength of the Jeep radiator in the opening episode of *Slow Boat To Surabaya* — with enough clout to write their own scripts and protect them from the ever more demotic instincts of ratings-obsessed producers. But they are few and far between.

In the past perhaps too many assumptions were made about the degree of literacy on the part of the average viewer. But the tables have surely been turned too far now. Within the past year I have been asked not to use the words atavistic, solecism and didactic in scripts and told, in each case, "Nobody'll understand you."

*

When is somebody going to give a regular spot, if not an entire series, to Steve Coogan? Earlier this year in an edition of London Weekend's regional series *1st Exposure*, which provides opportunities for new acts, Coogan did a atand-up spot as an impressionist which could easily hold its own against anything by Yarwood or Bremner. Straightforward impressionists may now be regarded — rightly — as somewhat limited; Bremner and Phil Cool have proved that you need more strings to your bow. Yct Coogan is the most gifted I have ever seen and he seems quite bright enough to extend his act if encouraged. Compore Arthur Smith described him as a Manchester drama student, so heads of variety and light entertaiument should hava been on the train to Piccadilly weeks ago.

*

Once again BBC2 has broken its promise; once again the continuity of the series has heen ruined; once again the viewer has been left in the lurch. It *is* particularly painful to have to say this if, as I do, you believe that BBC2 is still, by a pretty long way, the best television channel in Britain and probably in the world. And the broken promise? To show the full run of *Bilko*, one of the best sitcoms ever made.

The undertaking was announced in November 1984 by channel controller Graeme Macdonald. But though he promised he would show 138 episodes (just five short of the *total oeuvre*) what we *actually* got was short bursts of the show screened in the wrong order, and slotted in when the channel needed something dispensable to fill up 25 minutes.

Then in November 1987 Alan Yentoh succeeded Macdonald. He declared himself a Bilko admirer and a year *later he* was offered a vote of thanks on this page for beginning to fulfil the BBC2 promise. He transmitted the shows in the right order, and sensibly called them *Bilko*. On May 26 this year he showed "Bilko The Art Lover," but on the following Friday without explanation or apology, he abandoned Bilko and gave us *Ebony*, which is no substitute. Since then we have seen nothing of the master sergeant from the motor pool, nor have we been told when the remaining 50 episodes will be shown. If a cinema or theatre dealt with the public in this cavalier manner we would demand our money back, but under the present BBC arrangements it seems we have to pay up and lump it.

*

How clever it was of Andrew Neil, executive chairman of Sky Television, to urge BSB, potentially his chief competitor, to join Sky in broadcasting in the old PAL system off the Astra satellite. Interviewed on the day of BSB'a press conference, Neil managed to score points on every level: he welcomed competition, implied that BSB'a hi-tech plans were a lot of pretentious fol-de-rol, and pointed out that they would oblige viewers to huy yet another box of tricks. Neil knows as well as anybody that BSB is relying on its hi-tech to sell the service with its promise of high-definition pictures, addressihle systems, and so on in the future. But he also knows that the last thing viewers want is to pay for umpteen different satellite receiving systems, so that his suggestion sounds like sweet reasonableness.

*

In the bleak midsummer schedules two series have stood out like good deeds in a naughty world. BBC1's *Chelworth* has proved not quite a Rolls Royce among drama serials, hut at least a Riley: neatly huilt of solid traditional materials, and appealing to quiet suburban people of good taste with just a *hankering for* a *hint of* raciness. (This metaphor collapses if you visualise the wrong Riley: we ara, of course, talking of the drophead coupe). It is no surprise that the vehicle was conceived by John Hawkesworth who, 19 years ago, gave us *Upstairs, Downstairs*. In *Chelworth* he has, once again, shown us the fortunes of the aristos as seen against a backcloth supported and decorated by the hoi polloi. The location filming has been a treat.

The other series is ITV's *Scandal*. At the beginning I said this looked suspiciously like an umbrella title slapped on top of four unconnected documentaries in the hope of making them seem connected. In the event tha first three — on the American magazine *Confidential*, Emil Savundra, and Baghwan Shree Rajneesh — have all been excellently researched, impressively well constructed, and quite engrossing to watch. If the last programme tonight, on John DeLorean, is as good it will have been one of the best documentary series of the year.

*

Why is it that Jonathan Powell, Controller of BBC1, does not run a regular series on his channel called *Sexwatch?* And why is there not an episode tonight promoted in Radio Times with a trio of photographs captioned "Intercourse: it always took place in the evening," and "Vital item: the KY Jelly they used" and "The happy conple: now they are holidaying in Greece"? After all, he *does* run a regular series called *Crimewatch* and there *is* an episode tonight promoted with a trio of photographs captioned "The attacks: they always took place in the early morning" and "Vital clue: the gold hracelet that pnt detectives on the trail" and "Convicted: rapist given 11 life sentences."

What makes television chiefs so ntterly convinced that violence, with *all* the harm and pain involved, is just the stuff to give tha viewer, in sickeningly vast quantities, while sex — even in as mild a form as you would find on French or Italian television — is quate, quate horrid and beyond the pale? Are they all mad, or is it just the sad result of a British puhlic school uphringing with all that caning?

Christopher Dunkley

Byelorussian Ballet

SADLER'S WELLS

We tend to forget the ballet companies that work and create in esch of the Soviet repuhlics. For us, the magic words Bolshoy and Kirov sum up the idea of "Russian" ballet, and the labours of other large troupes across the vastness of the Soviet Union often pass unregarded. Salntory, than, and illuminating, to see the ballet company from Minsk, capital of the Byelorussian Rapublic, making its British debut on Monday night.

A mixed programme was on view — and remains so throughout this week, with *Spartacus* to follow — as an introduction to style, and to the choreographic manner of Valentin Yelizariev, chief ballet-master of the company. With the opening *Les Sylphides* it was clear that the cast felt placed in a straight-jacket by the confines of the Wells' stage. The cohorts of sylphs were bunched together, trying to suggest lyric freedom while narrowly avoiding each other's toes; the soloists — used to a homa staga which, the programme indicated, was larger than any in this country — marked time, danced on the spot and looked demure. The lighting was dreadful. I liked the slander Svetlana Romanova's gentle way with the little waltz, but did not feel that the production gave much indication of how the company really danced.

More light was cast by the *Nutcracker* divertissement which came as an odd pendant to *Les Sylphides*, when five couples of dolls whipped through the Kingdom of Sweets dances with a lot of energy. Valentin Yelizariev's versions are uncompromisingly jolly, and glven suitahly hright interpretation.

The company'a identity fell into sharper focus with two further sxamples of Yelizariev's choreography. Both were, for unguessable reasons, on Spanish themes: a *Carmen Suite* set to Rodion Shchedrin's dismantling of Bizet's score, and, save the mark, a realisation of Ravel's Bolero. (Spare a thought, passer-by, for critics who are obliged to sit through two versions of this nonsense in two weeks).

Both pieces demonstrate that all-too-common trick of giving arhitrary maaning to estahlished themes. Yelizariev's Carmen, if we are to believe a programme note, is a "hymn of love" with "an internal world," and behaves like a cross between Alexis Colby and Little Nell. What we sea is Carmen (the hrooding and fine-drawn Inessa Dushkevich) manhandled in customary Soviet fashion hy Vladimir Ivanov's tense Don Jose, and indulging in some by-play with Oleg Korzenkov, flashing abont the stage in white as Escamillo. There are attendant crowds (when are there not?) registering passion and passionate interest, and Miss Dushkevich opens up her body to life, lovs and death with tremendous elan. The Wells' stage is opened up to the back *walls*, to *allow* the dancers room to move, and the SWRB orchestra under Alexander Anisimov deals well hy Mr Shchedrin's chain-saw view of Bizet.

Abont the *Bolero* it suffices to say that Valentin Yelizariev has decided thet it is dedicated to those who resisted fascism during the Spanish Civil War, and the programme includes a poem having the irresistible line "Oh Bolero, sacred dance of war!"

So ths heroine, the beautiful Tatiana Shemetovets, wears a red military cap while posing with one leg forced past her ear; her companion, Vladimir Komkov, leaps and agonises; the company raise fists to heaven and rear inspirationally up; and a rather crumpled reproduction of Picasso's Guernica is raised during the action.

Tha cabaret in Hell is non-stop performance of all the different versions of Bolero.

Clement Crisp

Alastair Muir

Tatiana Shemetovets and Vladimir Komkov in *Bolaro*

Romeo and Juliet

ROYAL FESTIVAL HALL

English National Ballet has heen performing this summer as if it were a large, contented family industry. Nothing has given more pleasure throughout its season at the Festival Hall than the sheer good manners on stage. The dancers behave with honest absorption in their work and sunny enjoyment of each other's company. For the first time in my 40-odd years of watching this company (formerly London Festival Ballet), it has begun to be likeable.

There are signs, too, that it has started gradually to nurture a company classical style. When jumping, the dancers now all show the same central "lift" in the torso; the jump radiates. The men all dance like men: no wimps, no hunks. The dancers are by no means yet ready for the full exposure of *The Sleeping Beauty*: but in a ballet like *Romeo and Juliet* this week they present a very winning, striking show.

This is the Frederick Ashton *Romeo*, the least Russian of all those set to the three-act Prokoviev score. It was choreographed for the Royal Danish Ballet in 1955, reconstructed for this company in 1985 and recently given by it at the Metropolitan Opera House, New York, to great acclaim. There are now some rich new hackdrops and lighting effects, so that the sparse functional set no longer looks like an empty department store.

No other *Romeo* has such delicacy of means or makes so much of tenderness. Whether the choreography is for Mercutio flirting with Juliet's girl friends, or Romeo thanking Friar Lawrence, or Juliet trying not to hurt Paris's feelings, we are shown, hy phrasing and gesture, human vnlnerability. With a wealth of unusually communicative academic mime and dance, it has immense precision and warmth. And, though the ballet still calls for more dance refinement, it looked more alive on Monday than it did in those last years of the choreographer's life.

Susan Hogard, an enduring Juliet, has a wonderful *maidenly* bashfulness amid her first encounters with Romeo in the ballroom and a fervent plasticity in scenes where emotion overwhelms her. She is an appealing npper-body dancer; the legs and feet are less remarkable.

Peter Schaufuss tended her carefully. Currently dancing with a new relaxation, he had also power and edge. Maximiliano Gnerra, as Mercutio, began to shed the stiffness that has made him inexpressiva in other roles. But it was a company performance, whose interaction right down to Juliet's six friends and the Veronese crowd made it persuasive.

One great performance was Lynn Seymour's as Lady Capulet. She is a model of economical, boldy-conceived gesture and address. Just standing still at the back of the ballroom, she made a fresh point about the dynastic pride of the Capulets. How swiftly she sketches an intimacy with Tybalt; what pathos there is in her sudden submission to the threats of her husband. Seymour was, in Kenneth MacMillan's *Romeo* at Covent Garden years ago, the most overwhelmingly passionate dance Juliet many of us ever expect to see. Very moving now to see her bring another role in another version so clearly to life. She is the sort of player who makes her colleagues more vivid. Whatever she did on Monday hrought the company around her into sharper focus.

Alastair Macaulay

The Kitchen

BLOOMSBURY THEATRE

Arnold Wesker's autobiographical feature of life in the kitchen of a busy restaurant is an admirable choice for the National Youth Theatre. There are 30 parts, and 11 are for girls (a proportion that this group has sometimes neglected). There are no big leading parts. Half a dozen people are momentarily magnified into folk who are not exactly important characters, hnt who have important things to say.

We start with the report, though not the representation, of a fight between Peter, a German (Michael Parkinson) and French Gaston (Clive Brunt). Never mind the reason; there sre disagreements among the cooks here that have to do with personality rather than with events. Swiftly the routine huilds up, from the initial lighting of the stones to the endless work of providing the varions dishes the waitresses demand. Of the actual customers, there is no signother than their orders or occasionally their complaints.

The second act is much the same, though Peter's troubles are sexual instead of international. Peter is in fact not a political figure; when Paul, a Jew, challenges Peter for his constant dissatisfaction, they end up friendly, Peter offering Paul a symbolic flower. Sex only occurs in the case of the two-timing, married Moniqne (Pippa Furlonger), and it is her ultimate deception that leads Peter to ravage the kitchen, and so leads the owner, Marango (Nikolai Bogdanovic) into his final problem — "I give them work, I give them food, I give them money. What else? I want to learn."

I don't greatly admire the play, which is a one-thing-after-another affair, but it gives a lot of chances to these young players, and they ssize thsm avidly. Besides those mentloned, there are Violet (Alison Lipton), the sgeing waitress; Hans (Matthew Stradling), another German (and how ably he and Peter speak their German); Kevin (Simon Nelson), an easily-tired Irishman; and of course Martin Tepper, the chef who controls all these temperamental people with efficient dignity.

The patient director is James Bolam, who made his first stage appearance as Michael. The designer is Kevin Knight. A dance somewhat improbably improvised by the two Cypriots (Nick Pittorton and Richard Opie) is devised hy Imogen Claire, and does her credit. The lighting designer is Kevin Fitz-Simons, assisted by 19 electricians. (After all, they're *all volunteers.*) The sponsors, and no one could he more appropriate, are Sainshury's.

Alastair Muir

Matthew Stradling and Sarah Moyle

B. A. Young

ARTS GUIDE

August 18-24

THEATRE

London

The Voysey Inheritance (Cottesloe). Dullish National Theatre production by Richard Eyre of Granville Barker's classic, *suddenly contemporary saga* of an Edwardian family and its fortunes. Insider trading, speculation with client's funds, moral purges and materialistic philosophy all render the Voysey clan a very familiar crowd. August 23, 24 (928 2252).

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zaks's desperately bright production comes from the Lincoln Center in New York and is undemanding summertime fare (734 8951, cc 836 2428).

Single Spies (Queen's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Clive Francis plays Guy Burgess in a rehash of Bennett's fine TV film *An Englishman Abroad* (734 1166).

Henceforward (Vaudeville). Martin Jarvis and Joanna van Gyseghem in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and n tug-of-love (836 9987, cc 741 9999).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow directs.

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an *ebullient* cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years hut also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The *magnificent spectacle of Victor* Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play tha leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Les Miserables (Auditorium). The international spectacle has settled in for a long stay by the Great Lakes (922 2110).

Washington

Gypsy (Kennedy Center Opera House). Tyne Daly takes the Ethel Merman role as the stage mother pushing her daughter into notoriety as a striptease artist in this 30th anniversary revival of the wonderful Stephen Sondheim-Jule Styne musical with songs like "Small World". Ends Sept 17 (254 3770).

Tokyo

Maly Theatre, Leningrad. One of the USSR's oldest and most innovative companies in an adaptation (in Russian) of William Golding's Lord of the Flies (Tues). In repertory with two new Soviet plays, Stars in the Morning Sky (Wed, Thurs) and the epic six-hour Brothers and Sisters. Ginza Saison Theatre (535 0555).

Les Miserables. Imperial Theatre (201 7777). Strongly-cast revival (in Japanese) of the stirring musical of the storming of the Paris barricades. The production is s recreation by Trevor Nunn and John Caird of their London original — complete with John Gunter's superb set and lighting.

London Classical Players

ALBERT HALL, RADIO 3

There are at least as many kinds of snthenticity as William Empson identified of ambiguity, and the Proms are currently offering a fair cross *section of them. Perhaps in the* not too distant future all the Classical repertory in the Proms will be entrnsted antomatically to orchestras prepared to realise it with careful attention to historical fidelity; perhaps the BBC will even establish its own house orchestra dedicated to period performances. Until then, however, programmes like thet given by Roger Norrington and the London Classical Players on Monday will continue to be the exception rather than the rule.

Tbe Classical Players have just returned from a tour of the US, where among other engagements it offered its "Beethoven Experience" to the Pepsico Summerfare — a perfect foil, one would have thought, to the same festival's Mozart-opera trilogy. Beethoven began this concert too with the Second Symphony, delivered with Norrington's now habitual vividness and directness.

The salient features of such surgically clean Beethoven may be well established, but the tactile sensations of attack and texture — the timpani strokes in the opening chords, incisive woodwind solos, exactly graded, evar transparent string chording — still manage to thrill at the most basic physical level. Norrington's oropulsive style is backed by scrupulous textual fidelity in matters of tempo and dynamic; were it not so, and were it not presented in such leanly muscular terms, his approach could well be categorised among the more extreme examples of contemporary Beethoven conducting. The outline of such sn interpretation transferred to the modern symphony orchestra would he readily dismissed.

In Schuhert's Ninth Symphony, though, the gains were less pronounced, and it was not sasy at first to estahlish why. The same leanness and athletic attack seemed to diminish the power of the work rather tban enhance it; the scale of the playing did not quite matcb the timeframe of the symphony. The Andante, taken at crisp walking pace, emerged most stroogly, with every woodwind detail firmly etched, but tbe first movement had seemed undeρpowered. Perhaps in Schubert the collective memory of traditional performances has yet finally to be displaced.

Andrew Clements

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Credit cards under scrutiny

BEING ISSUED in the middle of August, the Monopolies and Mergers Commission report on credit cards is likely to create no more disturbance tban it deserves. For its lack of significance the MMC is bardly to blame, since the terms of reference were questionable in the first place and nave since been overtaken by eveots.

The terms of reference limited the analysis to credit cards. Debit cards, cbarge cards and store cards were ignored. Since interest rates on store cards are generally far higber than on credit cards, the omission of these cards is particularly puzzling. The narrow terms of reference have the additional disadvantage tbat tbe implications of the move to electronic, rather than paper-based, payments systems have not been analysed. Yet such an analysis would have been timely.

The MMC finds that there is a great deal of monopoly in this business. Barclays Bank alone bad issued 35 per cent of the credit cards in circulation in 1988. The MMC also concludes that both Visa and the Access network constitute "a complex monopoly."

Public interest

Tbe question ie whether tbese monopolies act against the public interest. In considering tbis, tbe MMC rigbtly stresses tbe cbanges now occurring in this industry. There are many new issuers of credit cards. The major clearing banks have become dual issuers and are competing among themselves for the provision of credit card services to merchants. As a result of these changes, some cards are being offered at lower interest rates, while fee payment is also being introduced by Lloyds Bank, a move likely to be followed by others. Finally, the merchant service cbarge to traders has been driven down.

While tbe MMC concludes that supplying credit cards has been hugely and unjustifiably profitable, that profitability is being eroded and is likely to be eroded still further in coming years. Similarly, as presently operated, there is a subsidy from those wbo pay interest on credit to tbose who do not. While inequitable, it is not obvious that anything needs to he done about this either. Some issuers will charge fees and lower interest rates and tbe rest will probably follow.

In the end, only two recommendations are made: first, that the rule preventing traders wbo accept credit cards from offering different terms for otber forms of payment (especially casb) should be outlawed; and secondly that there should be no rule restricting any member of Visa and Mastercard/Eurocard from providing credit card services to merchants.

Freedom restricted

The MMC concludes that "tbe No Discrimination rule operates against tbe pnblic interest because it restricts the freedom of retailers to set their own prices." But elimination of tbe rule would prevent tbe credit card suppliers from imposing their preferred terms. The argument for restricting their right to do so is that the latter possess monopoly power. For the same reason, existing restrictions on who can supply services to merchants may limit competition in this end of the market.

There is a prima-facie case for both recommendations, but neither is compelling, because the practical significance of the proposed changes is likely to be rather small. Charges to merchants are already being reduced under competition. Moreover, most of the organisations that have a reasonable chance of providing the relevant services efficiently have already entered tbe market. Equally, the handling of cash imposes large costs of its own. It is doubtful whetber, especially as technology advances, it would make sense for many traders to provide incentives for the use of cash.

Intervention in commercial arrangements is justified not by the mere possibility of harm but only by a demonstration that substantial harm is being done. The case for these recommendations, while plausible, is not proven. Tbe MMC may have felt that, having laboured for so long, a mouse was the least it could produce. There would be no great harm, however, if this particular mouse were to be ignored.

Reforming the sixth form

THE CREATION of a national curriculum is giving British educationalists a long overdue opportunity to modernise syllabuses for 5-to-16-year-olds. Bnt little is being done to address tbe shortcomings of sixth form education. In token recognition of the need to broaden the curriculum, whicb normally consists of intensive studies in at most three Advanced (A) Level subjects, tbe Government recently lauocbed Advanced Supplementary (AS) exams. AS levels are intended to be no less demanding than A levels, but to take only balf as loog to complete. The theory is that, by combining A and AS levels, pupils can achieve greater breadth without a dilution of academic standards.

In practice things are not working out as intended. The Scbool Examinatioos and Assessment Council (Seac) argued yesterday that many sixtb formers do not have access to a sufficient number of AS courses to provide the desired degree of broadening. Scbools are regarding AS levels as "stepping stones" to A levels rather tban as exams of comparable status. Tbe new exam is failing to broaden the curriculum because students are either taking AS levels as a preparation for A levels in the same subjects or are cboosing AS levels which complement – ratber than contrast with – their A level choices.

Teething problems

One response might he to argue tbat tbese are merely teething difficulties. Schools are naturally suspicious of a new exam. But greater hreadth will be achieved once the purpose of AS levels is better understood. Tbe Government could help hy stipulating that a combination of two A and two AS levels would be preferable to the more familiar offering of three A levels. Meanwhile, as Seac argues, it should be made clear tbat there is only one level of sixth form exam – the advanced levei – and that A and AS levels are simply variations on the same theme. The only significant difference is that one exam is narrower in scope than the other.

But a policy of muddling through in this way will not do. The A levels were designed in a different era when only a small proportion of children were expected to stay on after the age of 16, and wben even fewer proceeded to university. The urgent need today is to raise staying-on rates, which at only 40 per cent are among the lowest in the developed world. In the US, Japan and South Korea 80 per cent to 90 per cent of children stay at school until the age of 18. Sucb participation rates are achieved because education in those countries is designed with the needs of the average popil in mind. The UK must follow suit: it cannot continue to rely on A levels for bright children and vocational qualifications for the rest.

Need for change

In his response to the Seac report, Mr John MacGregor, the Education Secretary, sbowed some signs of recognising the need for change. He knows that an improved sixth form curriculum must be in place by 1994 wben the first cobort of children will have completed the final stages of the 5-to-16 national curriculum. The question is whether he has the stomacb for a figbt with Downing Street, which rejected recommendations for A level reform last year.

Mr MacGregor should admit openly tbat tbe A level has become an anachronism. It occupies too much of the time of bright children, thus denying them the broad education they need as a preparation for life and work. And it is beyond the ability of the less able. AS levels are an unhelpful fudge. If the great majority of children cannot tackle A level maths, they will fare no better with an AS exam of the same level of difficulty. Yet maths ought to be studied up to the age of 18, as it frequently is in other countries.

The solution is surely obvions: tbe Government sbould require 16-to-18-year-olds to study a hroad and balanced curriculum – one that spans the arts and sciences – hut not expect pupils to attain A level standards in all subjects. The simplest way forward might be to extend a modified form of the national curriculum. This would have the advantage of allowing for variations in ability. If ministers are serious about wanting to raise staying-on rates, it makes little sense for the curriculum to end arhitrarily at age 16.

David Goodhart explains why the outlook looks stormy for West German industrial relations

Metall bashing time

Mr Franz Steinkübler, leader of the West German engineering union, I G Metall, said in a recent interview that he could not imagine striking West German workers burning cars in the streets "like the English." But be did predict unprecedented industrial conflict in the powerhouse of the German economy next spring when his union's current three-year contract comes up for renewal.

Sucb aggression, months before negotiations even hegin, is most unusual in the tranquil groves of West German labour relations. Mr Steinkühler's rhetoric may be tactical hut his basic judgment – that a damaging strike looks unavoidable – is shared hy many employers and by Bundesbank officials who foresee another spurt of inflation as a consequence.

This does not mean West German industrial relations are about to break witb their consensus tradition. Despite a recent rash of hrief "warning strikes" in hospitals and shops and a more serious dispute in the printing industry, days lost through strikes in Germany are still negligible.

Tbe co-determination system of worker representation on company boards is no longer seen as a handicap by most employers although they do complain about the cost of dismissing workers. And, with an eye on 1992 and the single European market, they also worry about the German workers' leading position in international comparison tables of wages, holidays, and reduced working-time (four out of five work less than 40 hours a week).

But in the more important comparison of unit labour costs Germany is only in the middle of the international table, and unit labour costs in mannfacturing actually fell slightly last year. After a catch-up in the early 1970s real wages have risen only in line with inflation except for the first half of the 1980s when they slipped behind slightly. The share of wages in national income is now at its lowest since 1970.

The centralised collective bargaining game is played within such strict rules that it really amounts to a form of disguised incomes policy, as one official of the German trade union federation (DGB) admitted. The 16 industrial unions are entitled, usually, to catch up with inflation and to take a share of productivity growth.

They play by those rules because co-determination, and the whole apparatus of the social market economy, has shaped them into a responsible power-centre and like all power centres in German society they share an acute anxiety about inflation. They also know that, if they did win inflationary wage rises, the independent central hank, the Bundeshank, would have few qualms about creating a job-shedding recession to dampen inflation as it did in 1974.

So what is going on in the metal industry, which covers engineering, motor manufacturing and electronics, and is the vanguard sector for both labour and capital? The alarmist language is partly a symptom of success. German corporate profits have donbled since 1982 while real wages have heen virtually static since 1979. Organised labour believes it is time to catch up.

This is felt acutely by I G Metall which represents the radical end of union politics. In 1987 it locked its 2.5m members into a three-year deal which cut hours from 38.5 to 37 a week hut for the past year that has looked small beer beside higher than expected profits and inflation.

However, the real anxiety about a "hot spring" next year stems more from the particularly German dispute over shorter hours, job creation, and labour flexibility. If there is a strike it will be because, as in 1984, both sides have dug themselves into immovable positions on working time.

Five years ago the employers said the sky would fall in if the 40-hour week was breached and the union said it had discovered the solution to unemployment in the 35-hour week. After a strike the union won a 38.5-hour week, but in the 1990 negotiations it is determined to achieve its long-standing 35-hour goal at the third attempt. It is also determined to resist a counter-demand from the employers for regular Saturday working.

At present only about 45,000 workers out of the 4m covered by the metal industry agreement work regular Saturdays bnt whatever the outcome of next year's negotiations that number will creep np. The strongest pressure is coming from multinationals in the motor and electronics sector and several of them have already pushed it through with either carrot or stick.

Opel threatened to transfer investment to Antwerp if one of its German plants would not work a Saturday shift. BMW offered a new work plan at its Regensburg plant – a four-day, 36-hour week, to include Saturday as a normal working day – which was agreed by the union-dominated works council, partly because it created 2,000 extra jobs.

Some I G Metall officials support the Regensburg model but most hope it will remain a special case. Mr Jörg Barczynski, the union spokesman, argues that the whole thrust of staggered working time is anti-social and that if workers lose the ability to work together and relax together that will damage the quality of their lives.

The union insists it is not opposed to increased flexibility hut that there is enough slack in the system for that to be possible without tampering with the weekend. Employers' associations have been encouraging their members to be more imaginative with the working day since the 40-hour week was breached in 1984 hnt with limited success.

Bargaining is played by such strict rules that it amounts to a disguised incomes policy

The reduction in annual average overtime per man from 157 hours in the early 1970s to 60 hours now is one indication of greater flexibility. But, while the motor industry generally uses two-shift systems, about 80 per cent of metal industry employees work a simple one-shift system. Mr Barczynski says his union would be happy to negotiate the introduction of one-and-a-half or two-shift systems.

The employers stress the rift between I G Metall and some works councils over weekend working and the desire of ordinary workers for higher pay rather than cuts in working time. They also claim that shorter hours in preference to higher pay depresses growth and by holding down domestic demand boosts Germany's destabilising trade-surplus.

But employers' organisations also seem somewhat adrift of their members on Saturday working. For, in all but two areas of the country, Saturday is still categorised as a normal working day in the metal industry and employers have the right to incinde it in a five-day week. The fact that so few of them do so, despite the claimed flexibility of works councils, was described as "a hit of a mystery" by one official.

None the less I G Metall is sufficiently worried that employers will start pnshing on this legally open door that, along with demands for a big pay rise and the 35-hour week, its third plank in next year's negotiations is for a closing of the option of Saturday work so as to "protect" works councils.

On tha 35-hour week itself, I G Metall benefits from the fact that the employers' rhetoric of 1984 and 1987 now looks foolish. While the supposedly catastrophic reduction in working time from 40 to 37 hours has been taking place, the metal industry has made Germany the world's biggest exporter.

However I G Metall's claims that reduced working time would sharply rednce unemployment has also proved incorrect. Most economists agree that it has created some jobs. At the DGB they argue that half the effect of reduced working time is made up by increased productivity and the other half by new jobs. Since 1984, they say, cuts in working time have created about 200,000 jobs. Pro-employer economists pnt the figure mnch lower and some argue that because of the incentive to speed up the introduction of lahour-saving machinery the effect is neutral.

The employers say that even fewer jobs will be created in future because the unemployed do not have the required skills. To tackle the problem of skill shortages the metal employers have proposed retraining workers in time cut from the ordinary working week.

As long as working time is reduced in small increments it can be absorbed by employers and have a small positive employment effect, says Professor Fritz Scharpf, an expert on industrial relations. Through the 1950s and 1960s – on the way to the 40-hour week – the German economy happily absorbed small reductions in working time and has done so again between 1984 and 1989.

"In both 1984 and 1987 the reduction in working time remained beneath the rise in productivity (about 2.5 per cent a year). In 1990 the agreement will again be within the limits of the rise in inflation and productivity; the only question is will it be with or withont a strike," says Professor Scharpf.

It is probable that I G Metall will win the 35-hour week in the next negotiation, although it is likely to be phased in over two or three years, with a one-year deal on pay. If that is achieved most officials would be happy to shelve the issue of working time for the foreseeable future.

However, despite the recent fall in unemployment to under 8 per cent and the growth of employment in the service sector, the jobless total will remain close to 2m for most of the next decade, partly because more women are working. Politicians have been toying with more radical ways of redistributing existing working time, usually combining shorter but more flexible working time for individuals with louger opening times for factories.

Jobs are most easily created by cutting working time in assembly work and public services

Mr Norbert Blüm, the Employment Minister, plugs the Swiss engineering company where employees can each year negotiate a variable working week, with correspondingly variable pay, depending on their financial and other needs. Professor Scharpf recommends a more collectivist version of the same idea saying that workers of similar age, family status, and interests, could be grouped together to negotiate with employers. The Social Democrats are aiming for a 30-hour week and a rapid increase in employment in the social services, but their latest party programme stops short of backing Mr Oskar Lafontaine, depnty leader, who wants to legalise Sunday work and ask better paid workers to take pay reductions along with working time reductions to create jobs.

Economists say that jobs are most easily created from reducing working time in assembly work and in parts of the public services. But, while unions might be able to force public sector employers to create jobs in return for pay restraint, the private employers' associations do not have the power to deliver such deals in their sector.

In any case, says Mr Barczynski, most people with secure jobs will not sacrifice their weekends or cut their standard of living to create jobs for someone they do not know. But will they even strike on their own behalf now that I G Metall's 1984 strike tactic – calling out a few key plants to close whole industries – has been undermined by one of the few pro-employer labour market reforms introduced hy the centre-right Government?

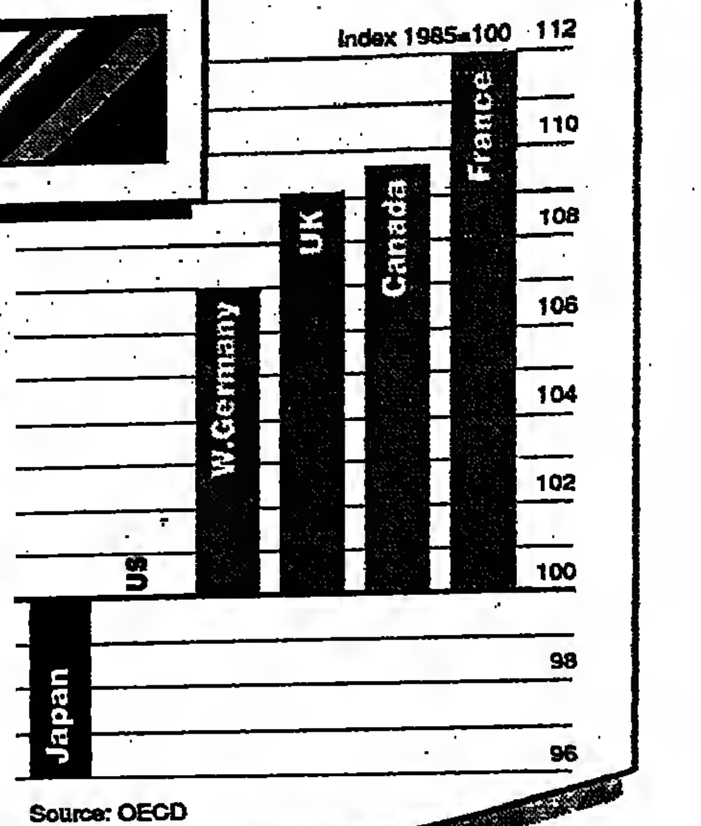
The militant smaller employers, who can least afford the 35-hour week, hope that the new law stopping laid-off workers claiming benefit will lead to a humiliating retreat hy I G Metall. Union officials admit they have no idea how workers will react after two weeks laid off without pay.

On the other hand, if it does come to a strike, the union will have the employers overflowing order books on its side and the benefit of appearing to defend something almost everybody looks forward to – the weekend.

Unit labour costs

percentage change from previous period at average annual rate

	1965-73	1973-79	1979-86
US	4.7	7.8	5.1
Japan	4.5	8.9	1.2
W.Germany	4.4	4.1	2.5
France	3.8	11.2	7.8
Italy	5.0	17.5	13.5
UK	5.8	15.9	7.7
Canada	3.8	8.4	6.0



Source: OECD

OBSERVER

La grande bouffe

■ Power lunches may be passé nowadays but tbe social activities of the powerful – or who dines whom – continne to fascinate. The Malcolm Forbes birthday bash in Tangier was clearly overrated, because it was far too public. It is what happens away from the paparazzi and the social scribes that gets the juices of gossip flowing.

Into this category would surely come a dinner in Salzburg last Friday night between Margaret Thatcber, a Prime Minister, and Lord Weinstock, a managing director, who followed the Mohammed principle – she bad invited him – and broke his holiday in Deanville to fly in for the occasion.

There is a general assumption that the two are not bosom friends. In the beginning Weinstock was consulted oo industrial policy, but his oposition to the way Britisb Telecom was privatised and the cancellation of GEC's Nimrod programme is thought to have cooled the relationship somewhat. The GEC camp disputes this but does not deny that Weinstock's support for the Heseltine European solution for Westland did not go down well in Downing Street.

These, of course, are yesterday's stories. Very much of the present are GEC's hid for Plessey and Hoylake's attempt to hreak up BAT, in which GEC has an interest. But the cover story – and perhaps even the truth – is that neither were discussed. Instead, the evening was a purely social event, beginning with the opera, a beautifully played Clemenza di Tito, and followed hy dinner for 16. Well, it is true that the Weinstocks and at least one Thatcher are fond of opera

Mensa alta

■ Dining, of course, is a matter of great importance and status in Oxford and Cambridge. But unless Marco Pierre White has decamped to the dreaming spires, the awful reality is that the wine tends to be better than the food, and probably the conversation, too.

It is, therefore, gratifying to report that a club exists for those who will not have the dubious privilege of dining in Oxbridge halls. Actually its purpose is to give a home – or to he accurate a tie – to all those who won't be going np.

In what is unquestionably the best written press release of the week, the Oxbridge Reject Society proclaimed an excellent year for recruitment, having just notched up its 200,000th member. "People become members of the society the moment that they fail to get into Oxford or Cambridge and this year a very large number have failed either to pass the entrance exams, or to get good enough A level results."

Daniel Goodhart, the chairman, was qnoted as saying that be was excited by the thought of not knowing if or when he might meet the 200,000th member, otherwise known as the Unknown Reject. "He or sbe might well have been sitting next to me on the hus this morning. Or of course driving it."

La dolce vita

■ Eating in Italy is a pleasure bnt this summer, almost without exception, the voluble movers and shakers are doing it on or around the sea. In the Anglo-Saxon corporate and political culture, only strong, silent men (like Bond, Turner and Heath) ponder fate on the waves, and then mostly on hard tack.

Commercial television magnate Silvio Berlusconi is bugging the Sardinian coast aboard his sailboat while the Ferruzzi group's Raul Gardini

is racing around the Med on his $6m 30-metre maxi-yacht, the "Moro di Venezia III", from the Cote d'Azur to Majorca. Never one to be outdone, Gianni Agnelli has sailed his 36-metre "Extrabeat" as far as the coast of Morocco, where we know how he spent last weekend. And Carlo De Benedetti is tucked well away from the lager louts in a rented villa at Tamariu on the Costa Brava.

Every prominent politician, except Prime Minister Giulio Andreotti, is at sea or on the beach. Bettino Craxi, the socialist leader, is having a traditionally Tunisian time at his villa on the coast near Hammamet while Achille Occbetto, the slightly bourgeois communist, is dividing his time between a Mediterranean yacht trip and his villa at fashionable Capalbio on the Tuscan seaside. Deputy Prime Minister Claudio Martelli is also at Capalbio while Gianni De Michelis, Italy's new disco-dancing foreign minister, has commuted between the nightclubs of Rimini on the Adriatic and the Sicilian beaches of Taormina.

Mr Andreotti, also following the Mohammed principle, has disappeared into the Dolomites, where he found his favourite restaurant closed down for health violations.

Franc and chips

■ The British, on the other hand, are supposed to value discretion in matters social, none more so than De La Rue, the world's largest printers of banknotes and under attack this week from Norton Opax.

A London institution by now is the annual high-powered dinner in honour of the Diplomatic Corps – a sort of thank yon to government treasurers and chief cashiers who are De La Rue's clients in more than 80 countries.

But few get to hear about the function. "It's done on a very discreet basis. Many of our customers – particularly cantral banks – are very discreet about their affairs," said the company yesterday.

Mr Richard Hanwell, Norton's gritty Yorkshire chairman, has criticised the secrecy of De La Rue but he wouldn't say yesterday whether Norton would continue the diplomats' dinner if Norton took control. "I think it would be frivolous to comment at this stage," he remarked dourly.

No màs

■ One who does not need a free lunch at the moment is Roberto Duran, the celebrated Panamanian boxer, theoretically in training for his rubber match with Sugar Ray Leonard this autumn. His notorious weight problems, according to recent sightings, have him up to 200 lbs or more, all the increase in width and none in height. US sports wags are now fond of saying that it is not a question of who will be carried out of the ring but who will carry Duran into it.

Jurek Martin

Jan Winiecki suggests how Soviet-type economies might be privatised

Taking shares in enterprises

As Poland's new prime minister Tadeusz Mazowiecki takes stock of his powers and responsibilities, the re-direction of the country's economy will command much of his attention. One view of economic restructuring believes that state industrial concerns should be privatised. The author, a lecturer in economics at the Catholic University of Lublin, argues that the introduction of privatisation measures is imperative and must be done speedily by putting a majority of shares in the hands of employees.

Discussions in the 1980s on reforming east European and other Soviet-type economies differ on many points from earlier debates. The most significant of these is the issue of privatisation, which goes beyond merely expanding the role of the private sector in the basic Soviet-type economy. Privatisation amounts to a recognition that without a return to capitalism, no significant improvement in the well-being of the people is possible.

Rolling back state ownership is also in the programme of those who wish to stop short of private ownership, and who prefer self-management, cooperatives, municipally-owned enterprises and leasing. In their view, this is the capitalist market system without the capitalists.

Discussions on the ways and means of privatisation have been most lively in Hungary and Poland. Various proposals have also been put forward in China up to very recently, and in the Soviet Union and in Yugoslavia. Leaving aside various concepts of "capitalism without the capitalists," the most contentious theoretical issues are the choice between the sale or free distribution of shares, and fairness.

Proponents of classical privatising solutions draw upon the experience of western economies for techniques and expected results. Sometimes home-made arguments are added on the beneficial side-effects of share sales in the form of reduced inflationary pressures. They assume that those with forced savings who want to buy, say, a refrigerator and cannot because of shortages, will buy shares instead. Or they say that those with voluntary savings will turn to shares to diversify their portfolio.

While I accept the theory and the technical elegance of these proposed solutions, I have grave doubts ebout the feasibility of a large share sale and the public's willingness to buy as many shares as the theory requires. Some proponents of the classical solution protect their concept by introducing non-voting stock (unsold shares owned by the treasury but stripped of all rights except dividends). Yet technical solutions are unable to allay the suspicion that share sales are not a true systemic change but a gimmick designed to reduce excess money balances held by households.

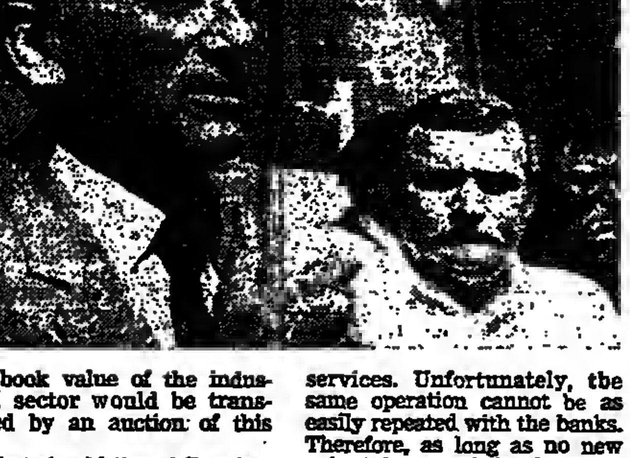
Nor have those who favour classical solntions seriously considered how long privatisation may take. In the West, the sale of state companies to the public proceeds slowly; in the UK, it may take 10 years or more. One projection foresees that privatising Polish industry — which is 95 per cent state-owned — may take 20-25 years.

On this reckoning, will decaying east European economies not decline much further before the long-term solution is found? The short term does matter, and a second-best plan that quickly improves the performance of a broad range of enterprises is to be recommended. My preferred option is the free distribution of shares, which can be done rapidly. Shares distribution to employees can be accomplished in a time span not exceeding a quarter.

Another proposal from two young Gdansk liberals posits the competitive bidding for shares by all eligible Polish citizens. They would bid for shares with money coupons, equal to the fraction of the total book value of all enterprises divided by the number of those eligible. Technically more elegant than "crude" free distribution, this system is also fairer, since all adult citizens would be eligible to participate and not just employees in the industrial sector.

The implementation of this second proposal would take more time than the first, but it would be faster than selling stock. Its drawbacks would be to disperse share ownership too widely at first and dilute the control of enterprise managers. The free distribution of shares to employees can be applied anywhere without regard to the openness of the economy or the existence of a domestic industrial private sector. It is thus not confined to Hungary, Poland or Yugoslavia.

These countries could, however, opt for a more sophisticated mix of measures and begin privatisation with something like a classical auction. A short period should be declared in which any enterprise could be bought et book value by any domestic or foreign economic agent or a group of agents. An artificially high official exchange rate could deter foreign bidders, so it is not to be expected that the ownership of more than 5 to 15 per cent of



the book value of the industrial sector would be transferred by an auction of this sort.

What should then follow is a one-off auction that disposes of a small fraction of the state-owned industry and the free distribution of transferable shares in industrial enterprises. If 60 per cent of the shares were owned by employees, they — as a majority — could elect quickly the first board of directors responsible for appointing managers.

Next, newly-appointed managers could be given the option of acquiring 10 per cent of the shares, with the caveat that they could sell them only after three years had elapsed from the date of their leaving the enterprise. This would be a disincentive to earning quick profits at the expense of the enterprise's longer-term expansion. The remainder of the shares could be distributed to employees in the traditional public sector and in enterprises which were sold at the first stage of privatisation.

Making the shares transferable would quickly create a stock market, albeit one in which prices fluctuated enormously due to the discrepancy between book and market values. Price fluctuations would, however, become less and less pronounced as economic liberalisation measures increasingly brought goods and factors prices into line with world markets.

Privatisation through employee share ownership could be extended beyond industry to wholesale trade, transportation and some other services. Unfortunately, tbe same operation cannot be as easily repeated with the banks. Therefore, as long as no new privately-owned banks with sufficient capital are established, and state or municipally-owned banks are not subject to competition, the banking system will continue to be subject to political pressure. This pressure will be of the Western type rather than outright commands within the system of *nomenklatura*, bnt they will make the banking system a weak spot of post-Soviet-type economies in transition.

Cutting the umbilical cord between politics and economics at the micro level; that is, establishing specific owners of enterprises instead of owners of the whole under *nomenklatura*, is the first step of the transition process. Otherwise, liberalisation of domestic prices and the exchange rate will lead to inflation without adjustment. State-owned enterprises would continue to get subsidies and credits through the old network of *nomenklatura*. Competitive pressure from foreign firms would lead under the circumstances to ever rising prices and falling exchange rates that would maintain the position of inefficient domestic producers.

Therefore, privatisation according to the proposed sequence of auction and free distribution of shares to employees should come first. No more than a year should be allowed for its implementation. Prices should then be liberalised, followed by the liberalisation of the exchange rate, first for domestic agents and later for foreign agents. Abont 18 to 24 months would be needed to accomplish both domestic price liberalisation and the two-step exchange rate liberalisation.

All this is a pragmatic blueprint only. Reality looks very different. The apparatchiks and bureaucrats are trying to maintain as tight e grip as possible on their declining economies. Hungary and Poland are cases in point. Apart from some marketing activities in the West, proposals emanating from the ruling establishment are mostly limited to parcelling ont the majority of shares among non-private institutions: the state treasury, municipal euthorities, state-owned banks and insurance companies. The ruling stratum obviously hopes that it will be able to refashion the *nomenklatura* state enterprises into corporations. A market-type shell would then hide old Soviet-type content.

Nomenklatura adapts itself to the future in more ways than one. It enters the private (in the USSR, the cooperative) sector in those areas of activity where prodnction depends critically on inputs in short supply from the state sector. These inputs become available on the basis of the "right" connections rather than euction. Thus nomenklatura-related private firms may be even less efficient than state enterprises in the same line of business: they will sell their output on the shortage-plagued market anyway.

This flawed expansion of the private sector opens yet another channel of income redistribution toward the ruling stratum. If political changes will not force real changes in the economic area, Soviet-type economics will be as distorted as ever.

Kevin Brown on UK transport congestion

Safety-cost conflict

The air has been ringing with the sound of clanging bolts this week as ministers and others rush to close stable doors in the wake of the Thames pleasure boat disaster.

But as the death toll heads with grim inevitability towards 60, some of the lessons of the tragedy seem likely to be missed in the rush to apportion blame.

Attention has been concentrated on why the pleasure boat Marchioness and the sand barge Bowbelle were in the same lane of the river when they collided, and whether the crew of the barge had been drinking.

The immediate cause of the accident will be determined by the Transport Department's Marine Accidents Investigations Branch. But the inquiry will not shed much light on why Britain's transport system seems to be stuck on a roller coaster to disaster. The issue which ministers ought to be turning their minds to is the increasing strain being put on the system by rapid increases in demand, for which little provision has been made.

Demand for transport tends to rise at between 150 per cent and 200 per cent of growth in the economy as a whole. Government figures show that gross domestic prodnct increased by 16 per cent in real terms between 1979 and 1987, while transport demand, measured in billions of passenger kilometres travelled, increased by 24 per cent.

The increase in transport capacity over the same period is more difficult to measure, but is certainly much lower. For example, the amount of road space rose by only 5 per cent in the 10 years to 1987, while both British Rail and the London Underground have reduced capacity by using less trains to carry more passengers.

The result is serious congestion, which ministers have only recently begun to tackle by announcing or epproving large investment programmes. The tragedy is that they have almost certainly left it too late, since continued economic growth will make the problem worse even while remedial work is being done.

The problem should not be underestimated. The Institution of Civil Engineers reported recently that road congestion cannot now be solved and is bound to get worse, whatever attempts are made to provide new roads.

The country has drifted into this situation because of the lack of proper advance planning by the Transport Department, which has no overall national plan for transport provision and is woefully inadequate in the modal planning it does ettempt. The classic example is the M25 motorway, which, along some of its sections, is now carrying up to twice the capacity it was designed for.

Sadly, this lack of preparedness has been compounded by e radical change in the business environment, as ever increasing competition and government pressures on subsidies have combined to compel operators to cut all their costs.

There is no proof that the squeeze on operating expenses has led directly to any of the

UK transport disasters (1987-89)

Site	Deaths
Zeebrugge ferry	193
King's Cross fire	31
Clapham rail crash	34
Lockerbie bomb	259
Kegworth M1 air crash	47
Marchioness	57*

*provisional

six major transport accidents of the last three yeers, and indeed the official inquiry into the Herald of Free Enterprise sinking said it was not a factor in that case.

Yet the inquiry also illuminated a clear conflict between safety and costs. For example, Mr Chengi Kuo, professor of marine engineering at Strathclyde University, says most ships and river boats could be made safer by the addition of extra bulkheads below tbe waterline. Bow thrusters for increased manoeuvrability and other equipment would also increase safety margins.

But all these things increase operating expenses. "You can never be 100 per cent safe, but you can make great improvements. It's a matter of striking a balance about what is reasonable," Mr Kuo says.

There is also evidence that cost cutting played a part in the King's Cross and Clapham disasters. The King's Cross inquiry said London Underground was more concerned with efficiency than safety; and British Rail has been criticised for overworking engineers who were employed on the signals system which failed at Clapham.

The spate of disasters has also focused ettention on the structure of safety regulation. Most workplaces come under the 1974 Health and Safety at Work Act, which set up the Health and Safety Commission and its associated Executive to enforce the rules. However, the Executive is short of staff and has only marginal responsibility for transport safety, which is largely supervised directly by Transport Department officials, or by the semi-independent Railway Inspectorate.

There are in any case misgivings about the independence of the Executive, which has a career civil servant as director general and is entirely staffed by civil servants. Not surprisingly, no one from the Executive will discuss the issues of funding or independence.

This would not matter so much if disasters were independently investigated. But investigations are normally carried ont by the Transport Department itself, in the guise of the Railway Inspectorate or tbe marine or air investigations branches.

The result is that the Government sets tbe rules for safety, monitors them through its own officials, carries out the investigations when eccidents bappen, and makes recommendations to itself for future action. At the same time, the Government is setting objectives for the pnblicly owned operators which require drastic cuts in operating costs.

Not surprisingly, the Transport Department is reluctant to discuss safety issues. Mr James Tye, director general of the British Safety Council, says his requests for information are usually rebuffed by civil servants pleading ministerial confidentiality.

The sad truth is that transport disasters are likely to go on happening until proper forward planning is backed up by independent monitoring investigations.

"We are stumbling along from crisis to crisis with people like Cecil Perkinson (the Transport Minister) coming along to make a few changes 24 hours after every disaster, after the Prime Minister has patted everyone on the head, and it is just not good enough," says James Tye.

LETTERS

The Soviet constitution remains in force

From Professor Vladlen Tishchenko.

Sir, James Blitz rather overstates matters when he comments that Estonia's new electoral law is an "indication by the nationalist leadership in the republic that it does not feel bound by any ethnic or political ties to the USSR" (August 17).

As a lawyer, I feel that the new law is an infringement on suffrage rights, and deserves further scrutiny.

My chief concern is the article which sets a minimum residence requirement of two to five years for voters, and five to 10 years for those standing for public office. Any restrictions of the rights of suffrage, for whatever reasons, are anti-democratic.

Tbe normal process of assessing the political, professional and moral qualities of candidates is being replaced with a formal requirement of minimum residence. The number of candidates seeking nomination is likely to be severely restricted. The natural migration of manpower will be ignored, as will such circumstances as going to study, or on a business trip.

It is important to consider the issue from the point of view of existing legislation.

Article 34 of the Soviet constitution and Article 32 of the Estonian constitution proclaim the equality of all citizens before the law, irrespective of their origin, nationality, language and residence. Any infringements of this principle must be seen as unconstitutional.

Restrictions on the right to elect and be elected to local government are also at variance with Article 48 of the Soviet constitution, which guarantees the right of every citizen to take part in the management and administration of state and public affairs and in the discussion and adoption of laws and decisions of national significance.

Article 95 proclaims that candidates standing for public office shall be elected on the basis of equal suffrage. The Soviet constitution also says that, should there be a conflict of interpretation between a law of a constituent republic and a national law, the latter shall prevail (Article 74).

Even if we admit that there is a good deal of sense in the Baltic law-makers' arguments insisting that local legislation should prevail over national legislation as a key part of republican sovereignty, we cannot ignore the fact that the current Soviet constitution will remain in force until constitutionally amended.

When Estonia's Supreme Soviet debated the election bill, some delegates recalled international covenants on human rights, but presumably did not find any contradictions. They were wrong.

The International Covenant on Civil and Political Rights, ratified by the Soviet Union in 1973, proclaimed all people equal before the law and ruled out discrimination in any form. Article 25(c) of the covenant says that every citizen shall have the right and opportunity, withont any unjustified restrictions, to vote and stand for public office in truly democratic elections on the basis of universal and equal suffrage.

It is also worth looking at the election laws in other countries.

Some do set a minimum residence requirement — but only for voters, not for candidates standing for public office. Although such requirements differ from country to country, restrictions are marginal.

The minimum residence requirement in France and Belgium is six months, in Japan and in New Zealand three months. In Britain, West Germany and Austria a citizen has only to have a permanent residence to qualify for voting. The German Democratic Republic passed a law last March allowing foreigners over 18, resident in the country for more than six months, to take part in elections.

So both Soviet legislation and international buman rights covenants, as well as election laws in foreign countries, offer a graphic proof that the Supreme Soviet of Estonia has seriously miscalculated.

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USSR Ministry of Justice,
4 Obukha Ulitsa,
Moscow, USSR

The City can work with the EC

From Miss D. Newton-Cook.

Sir, Your leader, "City faces up to Enrope" (August 17), gave the impression that the proposed European Community (EC) Second Banking and Insider Trading Directives have been adopted. This is not the case; it may well be another six months before this is so.

The Council of Ministers recently adopted "common positions" on the proposals, representing the form in which the Council wishes to adopt the text. They are now both before the European Parliament, awaiting a second reading, due in October 1989.

Amendments to the texts can be made at this stage, although the Commission has already indicated that significant changes would not be welcome. The proposals then return to the Council for final adoption within three months of their receipt.

As with the proposed Investment Services Directive, the City still has time in which to contribnte to the European Community legislative process.

Deborah Newton-Cook,
C&L Belmont,
Avenue de Tervuren 2 b 8
B-1040 Brussels

European forum for City views

From Mr Martyn Bond.

Sir, "City faces np to Europe" (August 17) reflects the concern of many in and near the Square Mile about the nature of European Community legislation affecting their daily activities, but its conclusion was unduly pessimistic.

You ask bluntly: "Who is going to harmonise witb Whom?" The answer is not so black and white. There will be give and take, just as there has been on previous legislation in this and other fields.

Doubtless the UK Government will present British concerns in the secrecy of debates in the Council of Ministers, and the advice of the Economic and Social Committee will be taken into account. But it is in the European Parliament's debates — in committee and in plenary — that the most satisfactory compromises between competing national and sectoral interests are found, in public and in a democratic manner.

It is np to those concerned to put their case in the most convincing manner that they can.

Martyn Bond,
European Parliament Information Office,
2 Queen Anne's Gate, SW1

Self-help in academe

From Mr J.H.C. Leach.

Sir, Nicholas Stacey asks (Letters, August 21) how many college or university funds have performed "as well as or even better tban the FT Index."

As it happens, I can provide the answer for the college of which I am investment manager and bursar.

Over the period of nearly 10 years from mid-October 1979 to mid-April 1989, the comparison between the FT 30-Share Ordinary Index and Pembroke College's holdings of UK equities, making allowance for net additions to the fund, is as follows (both sets of figures rebased to 100 at the starting date):

	FT Index	College's UK equities
Oct. 18 1979	100	100
April 14 1989	313.7	442.8

Over the same period, the College's US investments have (with admitted fluctnations, partly owing to currency movements) substantially outperformed the Dow; but it is ironic to point out that our best performers of all in percentage terms (Japanese equities held via unit trusts) have tended to underperform against the main Tokyo index.

I mean no discourtesy to Mr Stacey if I add that "seminars held by graduate business schools for bursars and other academics" would be unlikely, in my judgment, to improve the quality of our investment decisions or those of the merchant banks which, in many cases, manage the investment portfolios of the colleges or of Oxford University itself. And I accept that past performance is no guide to the future.

J.H.C. Leach,
Pembroke College, Oxford

FINANCIAL TIMES
Wednesday August 23 1989

Darman hits philosophical heights

Peter Riddell on a Budget Director who questions current US values

BUDGET directors are *supposed* to be political technicians, not strategists or thinkers. Yet Mr Richard Darman is aspiring to be both. Not only has he taken centre stage in the White House's negotiations with Congress on fiscal policy, but he has turned into the Bush administration's court philosopher.

In a recent speech, one of the most interesting delivered in Washington this year, Mr Darman questioned many of the current values of American society, politics and business under the catchy label of "cultural now-nowism." This he defined as America's collective shortsightedness, its obsession with the here and now, and its reluctance adequately to address the future. He talked of "the impatience of the consumer, not the builder; the self-indulgent, not the pioneer."

In a vivid passage he said that "like the spoiled '50s child in the recently revived commercial, we seem on the verge of a collective now-now scream: I want my Maypo [a brand of breakfast cereal]. I want it now!"

Mr Darman gave several examples of now-nowism: the budget deficit and the high interest and debt burden for future generations; the rise in transfer payments; the relative decline in civilian research and development; an "atrophied" education system; and a corporate *tax system* biased *towards* the accumulation of debt over equity, encouraging paper transactions "which reward financial manipulators rather than expand private productive capacity." There were echoes of his 1986 attack on "bloated, risk-averse, inefficient and unimaginative" American corporations.

"Collectively we are engaged in a massive backward Robin Hood transaction, robbing the future to give to the present."

This thesis is not new and is widely accepted by many US politicians and commentators ranging from liberals to the Republican mainstream. It is also reflected in a widespread unease about the future of the US shown in opinion polls. About the only group objecting are supply-side true-believers who see in Mr Darman a betrayer of the Reagan legacy; to them the deficit is not a problem.

A more fundamental objection, raised by several US commentators, is that Mr Darman's assault on self-indulgence was an attack on the values and record of the Reagan administration of which he was himself a member. Now-nowism is a fair summary of the record of the Reagan years when consumption and the budget deficit soared.

Mr Darman naturally denies this, arguing that he is concerned about a broader cultural problem, already evident in the 1970s, when people were talking about the "Me Generation" and narcissism.

Yet the Reagan administration, and the former president in particular, undoubtedly fuelled a "feel-good" mood among the American people, valuing the present over the future. The original 1981 belief in a costless combination of large tax cuts and sharply increased military spending cannot be ignored.

Mr Darman's solutions were less specific than his prescriptions. He acknowledged the centrality of the budget deficit; and in later comments he has talked of stabilising the growth of entitlements - that is, spending such as Medicare fees for doctors, agricultural support and veterans' programmes, though not the politically sensitive area of social security payments for the retired. Governments in other industrialised countries have also tried to chip away at such programmes to restrain overall spending and to shift its composition towards investment in the future, but any overall savings take time to appear.


Richard Darman: political technician turned philosopher

Moreover, while fixing the fiscal deficit may help with solving some problems and be a pre-condition for addressing others, it will not, he accepted, solve the basic issue of cultural values, nowism. At this point, Mr Darman's argument cama near to sermonising, the need for a greater respect for the future as shown by greater investment in technology, by more attention to homework and by a longer school year.

Yet Mr Darman is no pessimist, no believer in the inevitable decline of the US. In his speech he urged a recommitment to the space programme as a symbol of such interest in the future: "exciting new space missions for the benefit of generations yet to come."

His conclusion was the need for a reawakening of the distinctly American valoes of an educating, hardworking, saving, risk-taking, pioneering and building people. Yet the often sceptical response to Mr Darman's speech has shown that, while many share his analysis of America's current problems, they also believe that fulfilling the American Dream requires tougher economic choices that he was, at least publicly, prepared to discuss.

Kohl names Rühe to head CDU

By David Marsh in Bonn

MR HELMUT KOHL, the West German Chancellor, yesterday extended a shake-up at the top of his ruling Christian Democratic Union by naming Mr Volker Rühe, a leading conservative foreign policy specialist, as the party's new general secretary.

At a press conference, Mr Kohl denied that Monday's sacking of Mr Heiner Geissler, the Christian Democrats' general secretary since 1977, was a change of political course.

In the row over Mr Geissler's abrupt dismissal, Mr Kohl defended the sacking and voiced optimism that the party quarrel would blow over. He tried to present the choice of Mr Rühe, 46, as introducing fresh blood into the leadership rather than as any move to tilt the party to the Right.

By ejecting Mr Geissler - regarded by the conservative Right-wing as too soft on social and foreign policy - and then claiming that the party's overall stance would remain unchanged, Mr Kohl may, however, blunt the effect by giving contradictory signals.

Mr Rühe, due to take over after the Christian Democrats' party congress next month, last night attempted to heal the rift by stressing that the CDU would remain in the political middle-ground. Mr Rühe, well known abroad, has a reputation as a political moderate. During the past two years he has come to the party forefront by fiercely opposing Nato proposals to station new short-range nuclear missiles on German soil.

Criticism within the Christian Democrats of both the style and the substance of Mr Kohl's unexpected removal of Mr Geissler continued yesterday, but a number of regional party organisations came out in favour of Mr Rühe's nomination.

Mr Oskar Lafontaine, the Social Democrat Prime Minister of the Saarland, and a leading candidate to lead the opposition in next year's general election, charged that Mr Kohl's move was a bid to win favour from the far-Right Republicans party.

Mr Franz Schoenhuber, the Republicans' leader, who has frequently attacked Mr Geissler in recent months, said the naming of the "pragmatic" Mr Ruehe would not succeed in diluting his party's electoral appeal.

Many political commentators suspect that strong anti-Geissler feelings in the Christian Social Union, the CDU's Bavarian sister party, played a part in sparking Mr Kohl's decision. However, Mr Kohl said he had not discussed the matter recently with Mr Theo Waigel, the CSU chairman.

Mr Kohl also took the opportunity to hit out again at East Germany over the flow of refugees into the Federal Republic. Relations with East Berlin have been worsened by the biggest surge of East Germans into the Federal Republic since the Berlin Wall was built in 1961. Mr Kohl said he did not want "confrontation" but blamed the "rigidity" of East Germany's system for forcing the refugees over the border.

Claiming that the emigration showed that the desire for "togetherness" of the German people had increased, Mr Kohl said the unresolved "German Question" of national division was now on the agenda of international politics.

The Federal Republic last night closed its embassy in Prague to the public to choke off a stream of would-be East German emigrés entering the building. Bonn's diplomatic representations in East Berlin and Budapest have been closed in the last fortnight.

Australia faces domestic flights stoppage

By Chris Sherwell in Sydney

AUSTRALIA is bracing itself for the possible grounding of domestic flights as the country's airlines begin moves to sack, suspend or sue pilots who refuse to work normal hours.

The 1,600 pilots have been working from 9 am to 5 pm since last Friday in support of a 29 per cent pay claim, and staged four days of 12-hour "rolling stoppages" a week earlier. Their actions have badly disrupted flight plans, and compounded the malaise in the over-regulated airline industry resulting from similarly disruptive action by air traffic controllers.

Although bus operators and train services are benefiting, the disruption has hurt hotel occupancy rates, car rental businesses and upset commercial transactions.

The real significance of the dispute, however, is that it has thrown serious strain on the centralised wage fixing arrangements which underpin the Labor Party Government's carefully constructed regime of pay restraint.

Just as important, it has exposed the rigidities which Australia's complex industrial relations system imposes on the labour market – an issue which the Government and union leaders have tended to buck in an otherwise impressive economic reform programme.

The Government, seeing the wider importance of the dispute, has given its full backing to Ansett and Australian Airlines, the two domestic carriers, in their efforts to counter the pilots' claims. But it has also decided there is no political disadvantage in itself attacking the pilots. Mr Bob Hawke, the Prime Minister, has been particularly vitriolic, pointing to the pilots' average salary of A$79,000 ($60,000) and accusing them of being greedy.

The tone has been echoed by cabinet ministers, but some union leaders have found it distasteful. However, the important Australian Council of Trade Unions (ACTU) has joined in the attack, lambasting the pilots for trying to gain pay increases outside the traditional system.

The *pilots* had until *10* pm last night to make a decision on whether they would return to normal work. The airlines' ultimatum followed a decision on Monday by the Australian Federation of Airline Pilots not to revoke their 9 am-5 pm work schedule.

The union's decision effectively catapulted the pilots into an industrial relations "no man's land", because it caused the Industrial Relations Commission to cancel the pilots' industrial agreements with the airlines.

This rendered the union technically irrelevant, and left each of the pilots without any protection over such matters as leave, sick pay and hours.

Airline contingency plans were said to include calling on international airlines for internal flights - an area hitherto closed to them. But pilots at Qantas, Australia's international carrier, were apparently reluctant to join in "strike breaking."

Other plans appear to involve using Royal Australian Air Force pilots for emergency and back-up services.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	S	27	81	Malta	F	31	88	Rhodes	S	30	86
Algiers	S	32	90	Edinburgh	C	16	61	Manchester	C	16	61	Rio de J'o	F	31	88
Amsterdam	S	19	66	Faro	S	29	84	Manila	R	29	84	Rome	S	30	86
Athens	S	35	95	Florence	S	32	90	Melbourne	R	8	46	Salzburg	S	27	81
Bahrain	S	37	99	Frankfurt	S	29	84	Mexico City	C	26	79	San Francisco	C	14	57
Bangkok	C	34	93	Funchal	S	26	79	Miami	F	27	81	Seoul	C	25	77
Barcelona	S	31	88	Geneva	T	27	81	Milan	S	29	84	Singapore	F	31	88
Beirut		–	–	Gibraltar	F	27	81	Montreal	F	16	61	Stockholm	C	16	61
Belfast	C	13	55	Glasgow	F	17	63	Moscow	F	19	66	Strasbourg	S	29	84
Belgrade	T	26	79	Guernsey	C	19	66	Munich	S	28	82	Sydney	F	16	61
Berlin	S	26	79	Helsinki	S	19	66	Nairobi	C	17	63	Taipei	C	34	93
Biarritz	C	24	75	H. Kong	F	31	88	Naples	F	32	90	Tangier	S	32	90
Bombay	Dr	26	79	Innsbruck	S	27	81	Nassau	C	33	91	Tel Aviv	S	31	88
Bordeaux	F	29	84	Inverness	F	15	59	New Delhi	S	30	86	Tenerife	F	27	81
Brussels	S	24	75	Islamabad	C	34	93	New York	F	23	73	Tokyo	S	31	88
Budapest	S	30	86	Istanbul	S	31	88	Nice	S	28	82	Toronto	–	–	–
B. Aires	R	12	53	Jakarta	C	33	91	Nicosia	–	–	–	Tunis	F	33	91
Cairo	S	33	91	Jersey	S	22	72	Oporto	C	19	66	Valencia	S	31	88
Cape Town	R	15	59	Jo'burg	S	24	75	Oslo	S	19	66	Venice	S	29	84
Caracas	R	28	82	Lima	C	18	64	Paris	S	25	77	Vienna	S	27	81
Casablanca	S	34	93	Lisbon	S	30	86	Peking	S	27	81	Warsaw	S	29	84
Chicago	R	23	73	London	F	22	72	Prague	F	31	88	Washington	F	24	75
Cologne	S	28	82	Los Angeles	F	16	61	Reykjavik	S	12	54	Zurich	F	25	77
Copenhagen	S	21	70	Luxembourg	S	27	81								
Corfu	S	35	95	Madrid	S	33	91								
Dallas	S	27	81	Majorca	F	33	91								
Dublin	F	17	63	Malaga	S	29	84								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Polish coalition approved

Continued from Page 1

Solidarity last week has made a Solidarity-led government possible, have also made explicit their demands.

The Peasants Party has asked for six of Poland's 23 ministries - agriculture, education, foreign affairs, ecology, justice and the chairmanship of the planning office, plus a deputy prime ministership.

General Czeslaw Kiszczak offered the Peasants Party only five ministries during his brief efforts to form a government, which could in part explain why the party defected from their old allies.

The Democrats have asked for four ministries – communications, justice, ecology and the market, plus a deputy prime ministership.

Apart from only 7 or 8 ministries left for Solidarity if the coalition partners won all they have asked for, Solidarity has also specified as crucial a prime ministership in charge of the economy.

Mr Mazowiecki hopes to present a cabinet by the end of the month.

Financial rand falls to lows as gilt rumours hit SA markets

By Jim Jones in Johannesburg

SOUTH AFRICA'S investment currency – the financial rand – collapsed to new lows early this week as financial markets took fright at rumours of imminent restrictions on foreign investment in government stocks.

The sharpness of the decline impelled the country's central bank and the stock exchange to try to dispel rumours of changes to the regulations. Rumours persist, however, that foreigners are to be barred from buying gilts at attractive financial rand exchange rates.

The currency's sharp decline was seen by some Johannesburg stockbrokers as underscoring foreign investors' preoccupation with short-term returns on South African investments. They point out that while foreigners are happy to buy gilts on yields of more than 20 per cent they are less willing to buy equities which yield significantly less.

On Monday, Dr Jan Lombard, deputy governor of the Reserve Bank, said no immediate changes to the regulations were being planned at present. He qualified his assurance, though, by saying: "Policies are in principle always subject to changes."

Yesterday Mr Tony Norton, the Johannesburg Stock Exchange's president, visited dealers on the exchange's gilt and equity trading floors to reinforce Dr Lombard's assurances, but he received a mixed reception. One foreign exchange dealer summed up market fears by saying that Dr Lombard's *assurances* were equivocal.

Despite the assurances the investment currency closed at a mid-trading range of R4.30 to the dollar on Monday, down from R4.20 at last Friday's close. And, in early trading yesterday, the rate fell further to R4.36.

Fears of additional pressure on the financial rand's worth were heightened by Consolidated Gold Fields' sale last week of a 30 per cent interest in Gold Fields of South Africa and expectations that Hanson Trust, the UK conglomerate, would soon sell Goldfields' residual 8 per cent interest in GFSA and its direct holdings in several local gold mines.

South Africa's dual currency system was reintroduced in 1985 to stem a divestment haemorrhage when the authorities said they would no longer make foreign currency available to divestors wanting to send the proceeds of sales of South African interests abroad. Divestors became obliged to do this through financial rands at exchange rates considerably less favourable than those applicable to commercial rands.

The trada essentially matches funds being divested with a foreign inflow into South African investments. On the other hand, dividends and interest declared in the South African currency are paid to *foreigners at the commercial* rand exchange rate – at present R2.76 to the dollar.

The financial rand's weakness relative to the commercial rand means yields on South African investments can be particularly attractive to non-resident investors.

At present short-dated government stocks yield about 16 per cent to South African investors but more than 21 per cent after withholding tax to non-residents who can buy government bonds with financial rands.

In recent weeks Swiss and German investors have been comparatively heavy buyers of South African gilts.

● South Africa would be willing to discuss the African National Congress's latest settlement proposals if they are brought up by President Kenneth Kaunda of Zambia during his scheduled meeting in Livingstone with acting state President F.W. de Klerk next Monday, according to Mr Pik Botha, the Foreign Minister.

Watchdog urges credit reform

Continued from Page 1

Midland Bank not to sign up any retailers until it had a certain level of Visa cards – believed to be around 500,000 – in the market.

Mr Ridley said he would welcome the views of all interested parties including the public.

An earlier proposal along the same lines in a previous report on the credit card industry in 1980 was turned down after the banks argued that it would confuse consumers.

THE LEX COLUMN

Give the customer flexibility

Ten years of Conservative Government have made the noble art of clearing bank bashing less prevalent than it onca was. Deregulation, increasing competition and the banks' uncanny ability to squander shareholders' money on questionable ventures has meant that they are no longer such lush targets. However, every once in a while an issue still comes along which raises the public hackles and feeds the bankers' paranoia. Yesterday's MMC report on credit card services fits the bill nicely. It contains plenty of ammunition for the banks' critics, yet is of only marginal relevance to *the overall financial* health of what remains one of the more profitable corners of the UK economy.

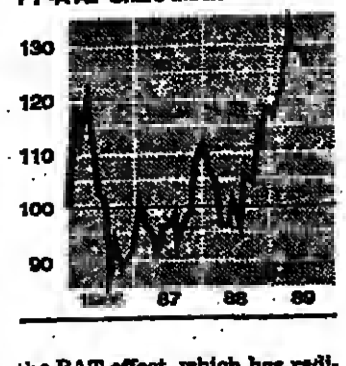
No doubt it is not just coincidence that the two-year-old MMC investigation has been accompanied by an outbreak of uncharacteristically aggressive competition in one of the cosier backwaters of the banking business. Indeed, it could be argued that this has been the most useful aspect of the investigation, with many of the understandable reasons for official concern having been overtaken by events. The MMC has sensibly refused to advocate such draconian measures as capping credit card interest rates. And as Lloyds Bank demonstrated yesterday, it does not take an official body to order the elimination of cross-subsidisation by introducing credit card user charges.

In almost all respects the report will be remembered in a few months' time as nothing more than a useful reference work for students of banking history. However, the MMC's work has not been completely in vain because it has forced the Government to take a decision on its most controversial recommendation – the abandonment of the no discrimination rule. There are plenty of public interest arguments, such as the need to curb inflation and reduce customer confusion, against accepting the MMC's verdict. However, if this Government really is committed to letting the market place decide, it should support differential pricing for cash and credit cards.

Markets

The strength of the London market is becoming faintly unnerving. Between Monday's and Tuesday's close in London, the Dow fell by 55 points: the FT-SE responded by falling 4. Much of this still seems due to the BAT effect, which has radically altered the market's conception of what constitutes a bid stock. Since the BAT bid was announced in early July the market has risen by 8 per cent, with a handful of big stocks making the running. It looks increasingly likely that it will take an external shock to halt the run though whether from trade figures, rising US interest rates or a further slide on Wall Street there is no saying.

BICC
Share price relative to the FT-A All-Share Index



BICC

When a share has more than doubled since the October crash, to assume that yesterday's 23p uplift for BICC promises further outperformance could be a triumph of hope over experience. True, BICC's achievements in reinvigorating itself since 1985 have been impressive. There was fresh evidence in yesterday's interim figures of its ability to extract margin improvements out of its cable businesses in North America, and indications of more such benefits to flow through in 1990 from Australasia.

BICC's success in securing itself as one of the world's top three cable companies may have lulled the market into an unduly sanguine attitude. Conservatively assuming pre-tax profits of about £203m, the prospective multiple of 12 on last night's price is not a clear signal to sell; but this late in the business cycle, the shares may not have much further to run.

Caution stems from BICC's own dogged insistence on the great benefits it expects from infrastructure spending in the UK and Europe. In one of its three cable segments, telecommunications, this is fair enough by virtue of being arguably Europe's lowest cost producer of optic fibre cable, and because of British Telecom's spending plans. In the other two areas, power cables and general construction wiring, the worry is that BICC, like the construction sector, will get the infrastructural uplift, but that the effect on the bottom line may take a lot longer than the optimists seem *to think.*

Boots

Boots's victory over Ward White removes the last uncertainty for investors groping to define the company in its new form. The launch of the bid knocked the re-rating on the head; with Boots committed to heavy capital investment in DIY, it may be some time before outperformance can be expected again. There is also the persistent feeling that what Boots is doing is deeply unfashionable – spending surplus cash on businesses to which it can add limited value, instead of giving the money back to shareholders.

Another fashionable notion is that companies should be tightly focused. Here Boots might argue that it is misunderstood. Its image is still that of a manufacturing and retail chemist; but as a retailer, its range from pills to paint brushes is no wider than many of its rivals. Perhaps, having made an opportunistic swoop on Ward White it should go a stage further. It is presently taking a chance on its heart drug proving successful, and on its ability to exploit it in distribution terms. But in the middle of a raging bull market for pharmaceutical companies, why not tidy up the image and cash in now?

Hongkong Bank

Anyone expecting to find evidence that the recent troubles in China had damaged the fortunes of the Hongkong and Shanghai Banking Corporation will be disappointed. A 15 per cent rise in first half disclosed profits and a 17 per cent rise in the dividend is a confident performance, especially since one of its more high profile investments, James Capel, is still losing money. The flight of money out of the Chinese-owned banks has benefited the group, but this is of small consolation given the stock market's general unease about Hong Kong. Indeed, a prospective multiple of less than six times earnings suggests that market hopes that Hongkong Bank can afford to ride to the rescue of Midland Bank are wide of the mark.

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Locals aim to keep the plain in Spain

The rain in Spain falls gently on the — eucalyptus trees. Except it doesn't, because as fast as the foresters plant the saplings, the locals pull them up again. The speed at which eucalyptus trees grow, plus the fact that its fibre is short and generally easier to dry, is rapidly making the species a favourite with European paper companies, and Spain and Portugal have become big exporters of the pulp. But the villagers who live near the plantations dislike the trees because, according to one resident, "In 15 years they will be 20m high and we will lose three or four hours of sun a day in winter. We need sunlight here." **Page 26**

Fujisawa extends US links

Fujisawa Pharmaceutical, which started out as a herbal remedy seller at the end of the last century, wants to increase its links with foreign companies to diversify from the crowded Japanese market. It already has 74 per cent of a West German company and the whole of Fujisawa SmithKline in the US, which it set up as a joint venture with SmithKline Beckman. It has now offered $750m to take control of Chicago-based LyphoMed, of which it currently owns 30 per cent. **Page 19**

Joining forces in the kitchen

Merloni Elettrodomestici, Italy's second largest kitchen appliance maker with brand names Ariston (logo left) and Indesit, is to buy control of Scholtès, the French producer of upmarket hobs and ovens. Merloni acquired Indesit in 1987, and with the purchase of 82 per cent of Scholtès shares, plans to have products throughout the appliance market. **Page 18**

Shares in finance back in favour

Banking and insurance shares have enjoyed a revival in continental Europe in the past few weeks as steadier interest rates and concern about an economic slowdown in the US have turned the spotlight to a long-neglected sector. But with economic growth still strong in Europe, and the dollar's recent rise benefiting industrial exporters, there is no agreement yet on whether the defensive interest in financials marks a lasting trend. **Page 38**

Final offer for Molins rejected

Directors of Molins said that Sir Ron Brierley's final offer for the cigarette machinery maker through his investment vehicle IEP "seriously undervalued" the company. "IEP continues to attempt to rob shareholders of their Molins shares at way below a realistic price," Mr Michael Wright (left), the managing director, said. The final offer values Molins at £68.8m, compared with £56.3m in the previous bid announced last June. **Page 23**

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Thyssen	244	+	5
Falls			
Nixdorf	343.5	−	9.5
Lufthansa	187.5	−	4.5
MAN	350.5	−	8.5
NEW YORK ($)			
Rises			
Anchor Glass	20 3/8	+	5/8
Georgia Gulf	57 3/4	+	6 1/2
RJ ABR	83 7/8	+	2 1/2
Falls			
Deere	60	−	1
Merck	73 1/2	−	1
[illegible]	17 3/4	−	1
PARIS (FFr)			
Rises			
Gp Victoire	1950	+	815
Penhoet	474	+	28.4
Geophysique	837	+	21.1
Falls			
Leroy-Somer	1350	−	79.9
Eurotunnel	88	−	3.7
Chargeurs	1170	−	32
TOKYO (Yen)			
Rises			
Tewa Sankiden	1810	+	200
Ichikawa Wool	1140	+	130
Okura Ind	1080	+	107
Falls			
Daiichi[illegible]	1180	−	70
Miyata Ind	1520	−	80
Showa Aircraft	2680	−	140

New York prices at 12.30.

LONDON (Pence)			
Rises			
BAT Inds	847	+	14
BICC	558	+	23
Courtaulds	388	+	6 1/2
GUS A	1134	+	24
Greycoat	555	+	10
ICI	1318	+	31
Kingfisher	348	+	7
Red Funnel	243	+	9
[illegible] Metal	86	+	5
Wellcome	756	+	27
Falls			
Body Shop	446	−	12
[illegible]	794	−	36
Midland Bank	367	−	6
Pearl	518	−	5
Rentokil	373	−	28
Saatchi & S	394	−	20
Taylor Bes	48	−	7 1/2
WPP	720	−	27

Nixdorf reports DM297m loss for first half

By Andrew Fisher in Frankfurt

NIXDORF, the West German computer group, yesterday reported a DM297m ($156m) pre-tax loss for the first half of 1989.

But, amid continued speculation that the company might be a takeover candidate, Mr Klaus Luft, chairman, said the company was not searching for a stronger partner to provide financial support. He maintained that it was recovering from its problems of rising costs and slowing sales.

Although the company is expecting a profit in the second half of the year, it does not anticipate that this will be big enough to prevent it having to report a loss for the year as a whole.

"For us, there is no question of a large partner to lean against," Mr Luft said at a press conference after announcing the interim pre-tax loss. In the first half of last year it reported a loss of DM26m.

Finance was not a problem for Nixdorf, Mr Luft added, stating that the group was able to finance its high investments itself. But Nixdorf was willing to co-operate with other companies on technology, especially now that the industry had become more systems and software-oriented.

He repeated that the group expected to make an operating profit in the second half. This would reflect the end of the steep rise in labour costs, up by DM140m, or 9 per cent, in the first six months. Employment had peaked at just over 31,000 people in November and was now 29,600. Total costs increased by 7 per cent.

Nixdorf has already said there would be no 1989 dividend after a sharp cut last year. In 1988, the group made a pre-tax loss of DM60m after a profit of DM331m in 1987. After property sales, however, it showed a DM26m net profit, only 10 per cent of the previous year's level.

Welcoming the 14 per cent rise in foreign turnover in the first half, Mr Luft said the 2 per cent decline in Germany showed the domestic market was still tough. Although Nixdorf had curbed its cost rise and come out with new products and services, more hard work lay ahead.

Nixdorf's shares, partly buoyed by takeover speculation recently, closed DM8 lower yesterday at DM345, though the interim figures were roughly as expected.

BICC profits beat City forecasts

By Clare Pearson in London

BICC, the UK cable and construction group, yesterday bettered London stock market expectations with a 37 per cent improvement in pre-tax profits to £93m ($140m) in the first half of the year. The shares rose 23p to 558p.

Currency movements helped the pre-tax line, but there were also good improvements in operating profits at most businesses, augmented by encouraging contributions from acquisitions.

Sir William Barlow, chairman, said: "World markets were generally favourable, with growth in demand for telecommunications cable and for power cable refurbishment particularly marked."

He struck a confident note on prospects, saying: "The group's major marketplaces of power, communications and construction remain strong, as infrastructure spending in the major economies continues to grow."

Earnings per share advanced by 26 per cent to 21.4p (17p). The interim dividend is being raised to 5.75p (4.75p). The tax charge was three percentage points higher at 32 per cent, and net interest charges, reflecting the use of cash for acquisitions, rose to £15m (£7m).

At BICC Cables, the European operation, operating margins came close to the targeted 10 per cent during the period, with profits rising to £42.4m (£23.7m).

Within this, there was a £12m net contribution from the move into southern Europe made during the second half of 1988 through the purchases of Ceat Cavi in Italy and 20 per cent of GEGC, the Spanish company.

Balfour Beatty, the construction company, was a weak spot with profits falling 10 per cent to £17.1m (£18.9m).

In North America, a mixture of acquisitions and organic growth meant cable interests doubled profits to £15m (£7.6m) on sales of £188m (£122m). And Australasian operations, chiefly cable, increased profits to £28.7m (£20.8m).

Paris bourse in turmoil over Suez bids

MASSIVE speculative demand for the shares of Compagnie Industrielle and Groupe Victoire, the objects of twin bids from Compagnie Financière de Suez, disrupted the Paris market yesterday, forcing the stock exchange authorities to bend the rules to ensure roughly normal trading, writes George Graham from Paris.

Shares of both companies were suspended on August 4, in the run-up to the Suez bids of FFr2,000 ($300) a share for Victoire and FFr13,000 a share for Compagnie Industrielle, its principal shareholder. Trading was due to resume yesterday, after the regulatory authorities had given final approval to the offer documents.

However, trading in Compagnie Industrielle had to be put off again until tomorrow, and the stock exchange has ordered buyers to put their cash down in advance, in an effort to discourage speculation. Yesterday some orders reached FFr20,000, more than 50 per cent above the Suez bid price and nine times the share's lowest value this year.

Suez will be quite happy that trading in Compagnie Industrielle's shares was impossible yesterday. With little paper available, no further shares could have been picked up by Compagnie Industrielle's chairman, Mr Jean-Marc Vernes, who already controls 25.3 per cent, or by his friends, in their efforts to fight off the Suez attack.

Suez appears confident that the authorities will require Mr Vernes, if he wants to respond, to make a full bid – at least for Compagnie Industrielle – but it has been taking no chances. For example, it has obtained an injunction freezing the shares held by Compagnie Industrielle's subsidiaries, to ensure that Mr Vernes cannot place these stakes with allies.

Victoire's shares, which could not be traded yesterday morning under the weight of speculative demand, finally began changing hands again in the afternoon. The shares were suspended a fortnight ago at FFr1,035, but the exchange waived its normal limit on upward movements of 20 per cent to allow trading above the Suez bid of FFr2,000 a share.

Some shares traded at FFr2,090, but Victoire then slipped back to finish 2.5 per cent below the bid price. About 130,000 shares were traded, and almost as many non-voting investment certificates, for which Suez has bid FFr1,000.

Face-off before the final round

George Graham on the latest moves in France's biggest takeover bid

Mr Jean-Marc Vernes and Mr Renaud de la Genière, the two protagonists in France's biggest takeover bid, came face to face over the boardroom table at Compagnie Industrielle yesterday.

It was their first confrontation since Compagnie Financière de Suez, a leading French investment and banking group, shocked the Bourse with its FFr15.9bn bid for Compagnie Industrielle and a further FFr22.9bn offer for its main asset, Groupe Victoire, a 40 per cent-owned associate.

Mr Vernes, a strident advocate of free-wheeling capitalism, emerged with the backing of his board. Compagnie Industrielle said that by a vote of 7-2 it had asked Mr Vernes, its chairman, to "take all dispositions" to ensure the failure of the bid from Compagnie Financière de Suez. Mr Genière, the Suez chairman, was one of the two dissenting voices.

But the initiative still appears to lie with Suez, for under stock exchange rules Mr Vernes, who controls a quarter of Compagnie Industrielle's stock, has only another week to mount a counter-bid.

So the struggle still seems far from decided, as analysts and investors try to work out the possible strategies of the rivals in the context of France's rapidly evolving takeover rules.

Lurking in the background, moreover, is the French Finance Minister, Mr Pierre Bérégovoy, who theoretically has little wish to intervene after his bruising last year in the struggle for control of Société Générale.

Mr Bérégovoy is, nevertheless, watching anxiously, because since Victoire's deal to acquire the Colonia/Nordstern group of West German insurance companies it has become the second largest French insurer and one of the jewels of the French financial world. He is eager for this newly-created giant, valued at FFr32bn by the Suez bid, to remain in French control, which could limit Mr Vernes's options in seeking foreign backers for a counter-bid.

Fight to the death: Renaud de la Genière (left) crosses swords with Jean-Marc Vernes

Victoire is a discreet but wealthy group which has always succeeded in concealing its riches behind a cloak of excessively conservative actuarial and accounting policies. This helped to cause the breakdown of talks a year ago on a possible takeover by the UK's Royal Insurance.

At the time, Victoire's net asset value was estimated at about FFr21bn, a third less than the FFr31.98bn at which Suez's current FFr2,000 a share bid values it.

Since the talks with Royal broke down, however, Victoire has grown by reaching agreement to take control of Colonia, the West German insurance group, along with its sister companies Nordstern and Kölnische Rückversicherung – a deal whose financing caused Suez and Mr Vernes, once upon a time business allies, to become even more estranged.

Little information has been disclosed about the price to be paid for Colonia, although on the basis of premium income the entire group is estimated to be worth about FFr30bn. Colonia's profits, however, are so low that some earnings dilution appears inevitable for Victoire. In terms of market share, on the other hand, the deal is viewed as a significant success for Victoire, which gains access to the difficult West German market through the country's second largest non-life insurer.

The price may be high, but the envious glances cast by other French and European insurers who have had less success at penetrating West Germany suggest that Victoire may not have miscalculated.

If it is hard enough to value Victoire, gauging the worth of Compagnie Industrielle, whose main asset is its 40 per cent of the equity and 48 per cent of Victoire's voting rights, is even more difficult.

On Friday, the stock exchange made a valiant attempt to keep the twin battles for Compagnie Industrielle and Victoire in line by wielding its rule book and making Suez raise its bid for the latter from FFr1,800 a share to FFr2,000.

The Commission des Opérations de Bourse (COB), the French stock market regulatory authority, went further by adding a rider to Suez's offer document: it said the Fr13,000-a-share bid for Compagnie Industrielle implied an even higher value of FFr2,260 a share for Victoire.

Boots wins £900m bid battle by gaining control of Ward White

By Philip Coggan

BOOTS, the UK retail and pharmaceutical group, yesterday won control over Ward White, the auto parts and DIY retailer, after a £900m ($1.44bn) bid battle.

Shareholders owning 37.4 per cent of Ward White's ordinary equity accepted the 445p-per-share offer, and, together with the 29.96 per cent it owned outright, that gave Boots control of 67.4 per cent when the bid closed at 1pm yesterday.

Boots had also acquired, or received acceptances for 63.6 per cent of Ward White's convertible preference shares and it therefore declared the offer wholly unconditional.

Ward White operates the Halfords auto parts and bicycles stores group, Payless, the DIY chain and A G Stanley, the home products group. Boots intends to keep those business, but will sell Ward White's US auto parts operations.

The offer, which was opposed by some Boots shareholders, could have a small dilutive impact on Boots' earnings next year.

Mr Philip Birch, Ward White's chairman, was meeting Boots at the latter's advisers, Kleinwort Benson, last night to discuss the future of the group. He is also likely to discuss terms for the termination of his rolling five-year contract.

Last year, Mr Birch's total emoluments were £536,000, a large percentage of which were performance-related. He also owns options which, when exercised, will give him a £700,000 profit at the offer price.

During the bid, Ward White discussed proposals for a rival leveraged buy-out offer with Charterhouse Bank and Shearson Lehman, but when the plans fell through, Boots quickly moved into a strong position.

Boots said that its increased offer would not be extended beyond August 22.

"We kept the timetable under sufficient pressure that we held the initiative," said Sir James Blyth, chief executive of Boots, yesterday.

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Foreign side lifts Hongkong and Shanghai Banking income 15%

By Michael Marray in Hong Kong

HONGKONG AND Shanghai Banking Corporation yesterday reported first-half profits after tax and transfers to inner reserves of HK$1.93bn (US$247.4m), a 15.3 per cent increase.

The result was helped by better performances in Asia, North America and its Middle East operations.

The bank said that James Capel, its London broking unit which suffered losses of £32.4m (US$51.1m) last year, managed to record an operating profit in the half, although the firm emerged in a net loss after provisions for reorganisation costs, including staff redundancies.

Mr John Gray, Hongkong Bank's finance director, said Capel was now in a stronger position to attempt a return to profitability in 1989 after two years of losses. Similarly CM&M, the primary dealer in US Treasury securities which lost US$30.9m in 1988, also recorded a first-half profit in "one of the most difficult markets in the world," he added.

Hongkong Bank holds a 14.9 per cent stake in Midland Bank of the UK, which recently announced large provisions for Third World debt. Mr Gray said Hongkong Bank applauded Midland's decision and that its provisions were now at very satisfactory levels. Midland's contributions to Hongkong Bank profits are dividend accounted.

Among overseas operations, there were marked improvements both at British Bank of the Middle East and its associate Saudi British Bank. Marine Midland of the US improved its result and Hongkong Bank of Canada showed an encouraging increase. However, the need to make loan provisions adversely affected Hongkong Bank of Australia.

Hongkong Bank declared an interim dividend of 14 cents per share, compared with an adjusted 12 cents last time. It expects a final payment of not less than 28 cents, equivalent to an increase of 16.7 per cent over 1988.

Hongkong Bank also announced steps to modernise its statutory framework, which has remained little changed since the 1860s. It proposed that it be subject to the Hong Kong Companies Ordinance as well as the individual legislation under which it operates.

A statement said the assets, liabilities and business of the bank would not be affected, and its domicile and location of head office would remain the same.

Georgia Gulf receives bid approach

By Karen Zagor in New York

SHARES IN Georgia Gulf, a leading integrated chemical producer, soared yesterday after a large shareholder proposed a takeover or recapitalisation of the company.

In a letter to Georgia Gulf published yesterday, NL Industries, a chemicals company controlled by the acquisitive Texas investor, Mr Harold Simmons, proposed that Georgia Gulf should examine a merger or recapitalisation to raise its stock price to at least $55 a share.

The letter was immediately seen on Wall Street as putting Georgia Gulf into play.

Mr Landis Martin, president and chief executive of NL Industries, which has a 9.9 per cent stake in Georgia Gulf, said: "We believe that the value of Georgia Gulf's common shares would be enhanced by a transaction in which abareholders received $55 per share in cash. Such a transaction might take the form of a leveraged recapitalisation, merger or other transaction."

A takeover bid of $55 a share would value Georgia Gulf at around $1.3bn.

Speculation on Wall Street that the company might receive a higher offer pushed shares in Georgia Gulf to $57½, up $6¼ at midday in New York. The issue was the most active of the morning on the New York Stock Exchange, with about 1.2m shares changing hands by 1pm.

The closing high for Georgia Gulf in the first eight months of this year was $46¼. Stock in NL Industries rose $¼ to $24¾.

A string of strong earnings reports have made Georgia Gulf an attractive takeover target. Last year the company reported a 137 per cent leap in net income to $193.6m or $13.51 per share on revenues of $1.06bn, from $81.9m or $5.61 a share on revenues of $707.4m a year earlier.

In order to deter an unwanted takeover, Georgia Gulf has bought back a large number of shares over the last year and insiders now control about 16 per cent of the company's stock.

The company was formed in a $275m management buyout of Georgia Pacific's chemical division in 1984. The company, which was floated on the stock market in late 1986, has paid back all but a fraction of the debt taken on in the 1984 buyout.

Georgia Gulf would not comment on NL Industries' letter, but said the correspondence would be given appropriate consideration in due course.

PW in Belgian consultancy acquisition

By Tim Dickson in Brussels

LEADING accountancy firms have long ago shaken off the pure "book-keeping" tag, bnt the acquisition by Price Waterhouse of Plant Location International, a small Brussels-based company, may be more noteworthy than many of the profession's recent moves to diversify.

The purchase brings to PW a 20 to 25-strong team, which boasts three decades of experience in the field of industrial location and development, and which believes it is well placed to advise foreign and domestic companies seeking to position themselves (literally) for a single European market.

The move is seen by PW as a useful complement to its recently-formed EC Services practice – a group of specialists brought together over the last year to meet the growing demand for information on EC legislation and to help provide strategic planning advice for the firm's clients.

PLI was set up in 1960 by Professor Marcel De Meirleir, a Belgian who developed many of his ideas while studying in Chicago after the War. The company he created is essentially a research group – employing a mixture of disciplines from politics and law to economics and engineering – specialising in feasibility and location studies for plants, warehouses, research and development centres, laboratories and distribution centres.

Clients range from the small company with one factory and annual sales of a few million dollars to the multinationals, many of them US-based. PLI also advises public authorities on the best way to attract inward investment – the Dutch Government being a notable customer - but it stops short at actually finding companies in this situation, recognising a conflict of interests.

The group claims to have handled more than 1,000 projects over the last 29 years and to have advised on investments in 35 new greenfield sites in Europe during the last 12 months. It is evidently proud of tha fact that it has been hired by both Ford and General Motors.

Stressing the confidentiality of the relationships with its clients, Plant Location is also coy about disclosing its figures. It refused yesterday to disclose fee income or profitability.

Mr Roland King, director of PW's EC Services Unit, admits that the firm "has been a little slow off the mark" and, unlike most of its competitors, "has not been focused on 1992 in a big way." However, he believes PW's specialised approach will enable the firm to make up the lost ground.

NMB ahead in first half

NMB, the third-largest Dutch bank, has reported higher profits for the first six months of 1989 and plans to pay an increased dividend, writes our Financial Staff.

The bank aaid yesterday that net profits had risen by 28 per cent to Fl 179m ($81.4m) from the Fl 139m achieved for the first half of 1988 despite a fairly steep Fl 75m rise in provisions to Fl 325.

However, profits were substantially nnderpinned by stronger revenues and a lower tax charge. As a result, the half-year dividend is going up from Fl 4.80 a share to Fl 5.80.

NMB's performance compares favourably with the interim result prodnced by its two bigger rivals, Amro and ABN, which staged net profit gains of 24 per cent and 15 per cent respectively.

Revenne at NMB for the six months rose to Fl 1.39bn from Fl 1.21bn. Gross profit for the period was Fl 551m, against Fl 444m, and earnings per share advanced to Fl 16.6 from Fl 12.9.

A breakdown of revennes shows interest income rising from Fl 891m to Fl 970m, commissions from Fl 203m to Fl 272m and other income to Fl 151m from Fl 117m.

In contrast, the first-half net profits from Postbank, the state-owned bank with which NMB is merging, dipped to Fl 134m from Fl 144m.

Linde up 18% midway

LINDE, the West German engineering and industrial gases group, reported an 18 per cent rise in first-half domestic pre-tax profits to DM143.3m ($73.4m) on a 15.1 per cent advance in sales to DM1.79bn, Reuters reports.

Worldwide group sales jumped 36.6 per cent to DM2.66bn in the six months, partly helped by the first-time consolidation of the Lansing forklift business. Excluding Lansing, sales were up 17.3 per cent.

Worldwide order inflow surged by 42 per cent to DM3.08bn, Linde said. It did not disclose worldwide profit figures.

Linde said its sales growth was likely to slow down in the current six months. It said worldwide sales would probably rise by 20 per cent, with domestic gronp turnover improving by 5 per cent.

● Hngo Boss, the German clothing group, said first-half group sales rose by 44 per cent to DM413.5m ($211.9m). The upturn stemmed mostly from the acquisition of a US fashion company. Excluding the takeover, sales would have risen by 4.6 per cent, Boss said.

The company expects sales in the current half year to climb faster than in the first six months. Boss predicted higher parent company full-year earnings.

Deere lifts sales but warns of rising costs

By James Buchan in New York

JOHN DEERE, the big maker of farm machinery, yesterday reported sharp improvements in its business in the three months to July but warned that it was facing pressure on its profit margins even as its sales increased.

The group's net income for the third quarter to July 31 was $98.2m or $1.30 a share, a rise of 21 per cent. Sales to dealers also rose 21 per cent to $1.69bn, with production volume up 11 per cent.

The strong third quarter pushed earnings for the nine months to $277m or $3.69 a share, an increase of 18 per cent. The rise would have been larger but for special non-operating gains in 1988. Worldwide net sales to dealers were up 16 per cent, at $4.50bn, on a 13 per cent increase in tonnage.

Mr Robert Hanson, chairman of Deere, said that retail sales were ahead in all its businesses, which inclnde lawn equipment and construction and logging machinery as well as farm machines. However, he said that costs rose as fast as sales because of rising production expenses in North America and new prodnct launches.

Part of Deere's problem is that it is still grappling to adjust its farm equipment business to a North American market that is recovering but still a shadow of the boom market of the late 1970s.

In addition, slow demand for its lawnmowers and other small machines forced Deere to shut down manufacturing for five weeks so that dealers could clear their inventories. The business made a loss in the third quarter and reported mncb lower profits for the nine months.

Demand is also weak in the industrial machinery division, but profits were better in the third quarter and about even for the nine months.

For the current quarter, Mr Hanson was cautiously optimistic. He said that the North American farm outlook was favourable, with more acreage under prodnction and crop yields likely to be better than in 1988.

Merloni to buy controlling stake in Scholtès of France

By George Graham in Paris

MERLONI, the Italian white goods group which produces the Ariston and Indesit brands, is to buy control of Scholtès, the French producer of up-market kitchen hobs and ovens.

The Italian company, controlled by Mr Vittorio Merloni and ranked number four in the European white goods industry, will acquire 82 per cent of Scholtès' shares from Affineries de Picardie, Société Financière d'Auteuil and Sofedie.

At the same time, Mr Gérard Bonifacio, Scholtès' executive chairman, will increase his personal shareholding in Scholtès from 5 per cent to 18 per cent.

Scholtès was founded in 1922 and has long had a prominent place in the French cooker market. However, it ran into difficulties in the early 1980s and filed for bankruptcy in 1985.

It was taken over the following year by Mr Bonifacio and a group of financial backers. Exports were rapidly developed and the company quickly recovered, turning in a profit last year of FFr20m ($3.04m) on sales of FFr441m.

Merloni is Italy's second-largest producer of home appliances after the Zanussi group, with a 21 per cent share of its domestic market and 10 per cent of the European market. Its profits declined by 11.5 per cent last year to L16.2bn ($12m), held back by the restructuring of the Indesit company, which it acquired at the end of 1987.

Mr Merloni, a former chairman of Confindustria, the Italian employers' federation, recently raised $100m from a Eurobond offering for his company, which expects sales for this year to top L1,100bn.

The combined group will be strongly placed in three levels of the kitchen appliance market, with Scholtès at the top of the range, Ariston in the middle and Indesit in the bargain basement.

Scholtès has developed strongly in the last three years on the back of two main prodnct innovations: the combined microwave and convection oven; and the halogen-based glass or ceramic cooking hobs which it launched in 1986.

Sandvik raises profits by 20%

By Robert Taylor in Stockholm

SANDVIK, the Swedish cemented carbide and special steels group, yesterday reported a 20 per cent increase in first-half profits (after financial items) to SKr1.48bn ($224m) from SKr1.23bn.

It said that demand remained strong and that it expected profits for the whole of 1989 to be "substantially better" than last year, when they rose by 50 per cent to SKr2.81bn.

The company predicted a 15 per cent improvement in sales for this year. In the first half they rose 20 per cent to SKr9.49bn from SKr7.88bn. Sandvik said that after adjustments for acquisitions and disposals, first-half order intake rose by 9 per cent and sales by 17 per cent.

The best sales results were in the process systems area, with 41 per cent growth. However, Sandvik also enjoyed substantial growth in steel products, where sales rose by 30 per cent to SKr3.35bn. Cemented carbide turnover improved by 14 per cent to SKr4.26bn.

There was a 1 per cent drop to SKr724m in sales of saws and tools, but this was due to the sale of a French undertaking late last year. On a comparable basis, sales in this division improved by 6 per cent.

However, Mr Per-Olof Eriksson, Sandvik's chief executive officer and president, said there were signs that the trade cycle had peaked in North and South America. Sales in South America fell by 1 per cent to SKr490m, although the group enjoyed a 22 per cent increase in North American turnover to SKr5.56bn.

Debt charges hurt Scandinavian Bank

By David Barchard

SCANDINAVIAN BANK, the London-based consortium bank, yesterday announced pre-tax profits of £7m ($11m) for the first half of 1989, down from £11.4m a year ago.

However, last year the bank did not make a provision in its interim results against Third World debt. This year there were charges of £5.7m.

The latest write-downs, which are principally against Latin American exposure, bring the group's general and specific provisions to 47 per cent of its total Third World commitments.

Mr Egil Gade Greve, chairman, said there had been a satisfactory improvement in the underlying strength of the group during the first half of 1989 and this was reflected in an 11.5 per cent rise in pre-tax profits before debt provisions.

Restructuring of the four core business of the group had now been completed, with the reorganisation of the bank's Capital Markets business finished on schedule.

Mr Greve said that although profits from the Capital Markets business had fallen in the first half of the year because of market conditions, merchant banking had done well. The group's 50 per cent-owned Brazilian investment bank subsidiary had made an impressive start, with a strong profit in the first half of the year.

Total capital resources grew to £257.3m from £234.9m at the beginning of the year. Liquid assets rose from £674m on December 31 to £706.9m.

Loans and advances were slightly up on a year ago at £1.48m. Fixed assets and other accounts grew to £246m from £154m.

INTERNATIONAL COMPANIES AND FINANCE

Holiday division slows Thomson Corporation

By Our Financial Staff

THE THOMSON Corporation (TTC), the Canadian holding company created in June to embrace the newspaper, information services and travel activities controlled by Lord Thomson of Fleet, yesterday produced a maiden set of results which showed s drain on the group from a poor showing in the holiday division.

Overall net profits from operations for the six months to June emerged at US$150m, which TTC said compared with $130m if the interests of the previous Thomson Newspapers and International Thomson Organisation had been pooled for the same period last year.

TTC said improved operating earnings from newspapers and its information and publishing side "were more than offset by a weaker performance in the Thomson Travel Group." The division, TTC's largest, is active in the British market for foreign holidays. It slid from break-even into a $21m trading loss despite expanded sales of $940m against $790m.

The group blamed this on "high interest rates, air traffic delays and a prolonged period of excellent weather in the UK." It added that holiday demand for the coming winter was running below the level of a year ago.

TTC was able to improve earnings through a lower tax bill and because it treated as a pre-tax gain the profit on the sale of shares in Reuters, the UK-based information agency. *This was primarily responsible* for a $61m non-operating gain, compared with $45m credited in the same way last year when the group sold its British consumer magazines.

By contrast, TTC has treated as an extraordinary item a $475m gain from the disposal, completed in March, of its oil and gas interests. The figure includes just over two months' earnings from the business, the sale of which raised a net $567m.

Group revenues totalled $2.29bn compared with $1.98bn. Pre-tax profits were barely ahead at $206m against $202m. Thomson Newspapers contributed $154m in operating earnings, up from $144m, showing increases both in the US and Canada where it said the Toronto-based Globe and Mail had a record first half.

TTC's information and publishing group, including Thomson Regional Newspapers in the UK which it said "showed solid gains," trading profits were $74m, up from $64m.

Earnings per share from continuing operations were 28 cents against 24 cents, but taking into account all one-off credits they rose to $1.16 from 28 cents.

Cavendish slips in first half to HK$404m

By Michael Marray in Hong Kong

CAVENDISH International Holdings, the property, energy and investment arm of Mr Li Ka-shing's Hong Kong business empire, showed a slight drop in first half after-tax profits to HK$404m (US$51.8m) from HK$415m.

Mr Simon Murray, chairman, said the decrease was primarily due to a timing difference on property sales, with fewer completed properties being sold during the period, compared with substantial sales in the first half of 1988.

He said Hong Kong property prices could stabilise at as little as 10 per cent below levels seen before the crisis in China, and that property sales hy *Cavendish* would generate profits in the second half.

Visits by tourists and businessmen to Hong Kong have also been affected by events in China, hut the Hong Kong Hilton hotel showed increased profits and July occupancies ha held up well.

The results of Husky Oil, the Canadian energy group, were in line with their hudget.

The interim dividend is held at 7 cents per share. Hongkong Electric, 34 per cent owned by Cavendish, recently reported a 16 per cent increase in profits, to HK$726m. Cavendish, formed in 1987 to split Hongkong Electric from its non-electricity related businesses, is 62 per cent owned hy Hutchison Whampoa.

Caisse de Dépôt wins Steinberg

By Robert Gibbens in Montreal

CAISSE DE DEPOT, which manages C$32bn of Quebec's pension plan and other public sector funds, has won the battle for Steinberg, the Montreal-based food distributor and property empire.

Caisse and its partner Socanav, a transportation group, bid C$75 per Steinberg voting share and C$51 per non-voting share, for a total C$1.33bn assuming all the shares were tendered.

Caisse is financing 93 per cent of the bid and will take over Steinberg's C$850m property portfolio, while Socanav will take the food distribution business.

Oxdon Investments, a consortium led by Unicorp Canada, withdrew its C$1.5bn competing bid at the last moment and is returning all Steinberg shares committed to it for deposit under Caisse's offer.

The crux was Caisse's success in winning 52 per cent of Steinberg's voting stock from the Steinberg family. Oxdon could not get commitments for more than 70per cent of the non-voting stock.

Also in court actions, Oxdon failed to show that Caisse had exceeded its powers by financing more than 90 per cent of its joint bid with Socanav.

Outokumpu gains foothold in Chile

By Kenneth Gooding, Mining Correspondent

OUTOKUMPU, the state-owned Finnish natural resources group, has gained its first foothold in Chile in a deal with Antofagasta, a UK listed company which has s wide range of interests in that country.

The deal, which involves Outokumpu building a US$48m copper treatment plant for the Carolins de Michilla project and taking a 15 per cent equity stake, represents a hreakthrough in the group's dealings with its unions in Finland.

When Outoknmpu previously wanted to move into Chile it faced strong protests from the unions hecause of that country's right-wing government. This pressure ended a possihle deal with Rio Algom and the unions also threatened to stop imports of copper to Outokumpu from Chile's large Escondida mine, due in 1991.

However, Mr Heikki Solin, president of Outokumpn Resources, the Finnish group's international mining arm, said yesterday the unions were "taking a more realistic view" of Chile after sending a delegation there.

The Carolina de Michilla project is ahout 4km away from Antofagasta's existing Michilla mine. Mr Andronico Luksic, Antofagasta chairman, said the new project would douhle Michilla's existing capacity of 20,000 to 24,000 tonnes of copper a year. Subject to various approvals, mining should start early in 1991 and the copper should cost less than 40 cents/lh to produce against 60 cents at Michilla.

Mr Luksic said the arrangement with Outokumpu would mean Antofagasta would get the new project into operation hnt still have a balance sheet virtually free of debt.

● Outokumpu has also agreed in principle to buy a 55 per cent holding in the 400,000 tonnes a year Forrestania nickel project, 400km south-east of Perth, from Metals Exploration, an indirect subsidiary of Mr Alan Bond's family holding company, Dallhold Investments.

However, Cyprus Minerals of the US and Arimco, a small Australian mining company, each own 22.5 per cent of the project and have pre-emptive rights to the Metals Exploration shareholding.

● Cominco, the Vancouver base metals gronp controlled by an international consortium led by Teck of Canada, has won a hid to develop the Quehrada Blanca copper deposit in Chile, writes Robert Gibbens.

Cominco will own 85 per cent of the operating company set up to develop the mine, a Chilean government ageocy 10 per cent and a Chilean copper producer 5 per cent. Development will cost around US$175m and start-up is set for 1993. Target output is 40,000 tonnes of semi-refined copper yearly.

Comalco held back by strengthening A$

By Chris Sherwell in Sydney

COMALCO, tbe Australian aluminium company 67 per cent owned by CRA, yesterday reported stagnant interim sales and profits after a stronger currency offset improved output and US dollar prices.

Separately Asbton Mining, CRA's partner in its 60 per cent owned Argyle diamonds joint venture, reported a near-doubling in interim sales and profits, helped by a strong diamond market.

Comalco's figures sbowed earnings, *including its share* of consortium companies on a joint ventnre hasis, at A$180.0m (US$) for tbe six months to June, virtnally unchanged from the A$180.8m in the same period last year. Sales revenue was marginally higher, at A$1.26bn compared with A$1.21bn.

The company said outpnt was higher than in either half of 1988, while prices in US dollar terms were higher than in the first half but lower than in *the second. "These gains were* largely offset by the effect of a stronger average Australian dollar against the US dollar," Comalco said.

The figures were publisbed as Commonwealth Aluminium, Comalco's US subsidiary, was forced to declare *force majeure* on deliveries from its rolling mill and recycling plant in Kentucky. The plant has been hit by a strike.

Ashton said its profit for the six months to June of A$13.6m *was 94 per cent higher than in* the same period last year, while its sales revenues were 97 per cent higher at A$79.3m.

Diamond sales realised A$65m of the total, with the rest coming from gold. The company made no provision for income tax, hut said it expected a full charge would be made on the year's profits at the end of December.

These, it said, would be "well ahead" of last year's results.

Fujisawa formula for global growth

Robert Thomson on a Japanese bid to buy LyphoMed of the US

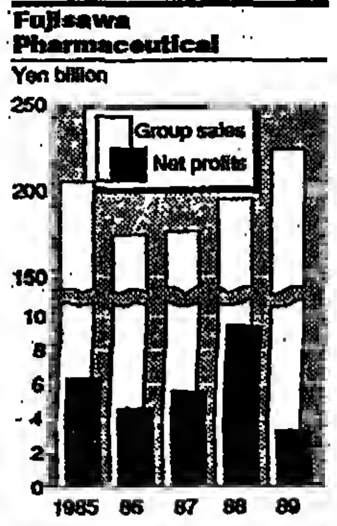
Fujisawa Pharmaceutical, the Japanese drug company which this week offered $750m to take full control of the Chicago-hased LyphoMed, began life late last century as a distributor of Chinese herbal remedies and, more recently, has become one of many Japanese companies to boost sales with the help of the humble vending machine.

The image-aware company likes to think that it has a better class of vending machine in a better type of area, generally around hospitals and health centres, with a better product – juices and other beverages that give the cnstomer a detailed breakdown of what it is they are consuming and what it does to them.

As Tokyo streets are cluttered with vending machines, so the Japanese pharmaceutical market is crowded, prompting Fujisawa and others in the industry to look at foreign markets as a source of long-term sales growth and at foreign researchers as a source of new products.

Fujisawa has been the most ambitious of larger Japanese companies in the industry, having already taken a 74 per cent stake in Klinge Pharma, a mid-sized West German pharmaccutical maker, and now owning 100 per cent of the US-based Fujisawa SmithKline Corporation, which it established as a 50-50 joint venture with SmithKline Beckman in 1981.

Fujisawa Pharmaceutical



The aim of the LyphoMed purchase is to "consolidate our US interests," a senior Fujisawa manager said yesterday. Apart from Fujisawa SmithKline and its existing 30.1 per cent stake in LyphoMed, Fujisawa has a Milwaukee subsidiary, PMP Fermentation Products, and a representative office in Maryland.

*"Thirty per cent is not a con*trolling interest, and if we want to do something at LyphoMed, co-operation is necessary," the manager said.

The company presumes that the offer, of $31 a share, will be successful, though it is not taking success for granted, given that it has only one representative on a board of eight.

Fujisawa does have an agreement with Dr John Kapoor, the founder of LyphoMed, for the purchase of his 14 per cent share, thongh without the approval of the board it is limited to its present stake under a standstill agreement valid until January 1991.

The Japanese company bought an initiaal 22.5 per cent of LyphoMed in 1985. In Japan, the company's strongest lines are in circulatory and respiratory agents, nervous system agents and antibiotics, and – vending machines aside – one of its best sellers in Japan has been an anti-ulcer agent that was made under licence from SmithKline Beckman (now merged with Beecham of the UK).

Having been slow to develop multinational operations, Japanese companies tend to cross-license products, though Fujisawa sees the advantage of handling its own products in both *Japan and the US.*

The Fujisawa manager said: "The US is a big single market, so that after you have approval from the Food and Drug Administration, you can market it throughout the country. In Europe it is mnch more difficult.

"You have to get different kinds of approval, and you have to penetrate the medical culture because doctors behave differently in different places."

While the West German subsidiary has a plant in Ireland, and Fujisawa has a research centre in London and is sponsoring research at Edinburgh University. Fujisawa expects that expansion in Europe will proceed more slowly: "Even after 1992, I think integration of the drug market will be slow in Europe."

He does not think that the purchase of a US drug maker will worry US Congressmen concerned ahont increasing Japanese purchases of US companies, though he was perturbed that a recent dispute over drug licensing was referred by the US company involved to trade snthorities and not to a court of law.

Canon advances 14.6% midway

CANON, the Jspanese camera and husiness machine maker, lifted pre-tax profit 14.6 per cent to Y22.5bn ($150m) for the first half to June following strong sales of copiers and fax machines, writes Robert Thomson in Tokyo.

Sales were Y374.5bn, up 20.8 per cent. Full-year pre-tax profit is expected to be Y50bn, up 14.8 per cent on last year, while sales are predicted at Y800bn, a 19 per cent rise.

INTERNATIONAL CAPITAL MARKETS

US Treasuries slip after durable goods revision

By **Janet Bush** in New York and **Norma Cohen** in London

US TREASURY bonds rose in an initial reaction to a 1.9 per cent drop in July durable goods orders, but then slipped back to register losses across the yield curve at mid-session.

The price falls came as traders and investors focused on a sharp upward revision of June's orders to a rise of 1.4 per cent, from 0.4 per cent reported previously, and on the fact that non-defence capital goods rose 5 per cent in July, building on their 5.1 per cent rise in June.

At mid-session, intermediate maturities underperformed the rest of the market, standing around ⅜ point lower. Short-dated issues stood around ¼ point down, with the long bond quoted 11/32 point lower to yield 8.12 per cent.

The durable goods series is extremely volatile and it is difficult to discern a trend, even in two months of figures. Nevertheless, coming after other recent upward revisions to monthly runs of retail sales, employment and business inventories, for example, the orders figures appeared to confirm further that second-quarter GNP may be revised up to a gain of as much as 2.5 per cent. Preliminary figures put GNP growth in the three months to June at 1.7 per cent.

Yesterday's price declines also have to be seen in the context of this week's heavy schedule of new issues. Yesterday afternoon, the Treasury was due to sell $9.50bn of two-year notes and there was some nervousness about whether there would be much foreign demand for these or today's auction of five-year notes.

A shift in sentiment in the market in recent days, as hopes for Fed easing faded, has raised yields to very attractive levels in bills and very short-dated money market instruments. Values are not as obvious in longer-dated issues.

The Federal Open Market Committee started its meeting yesterday amid the widespread belief that it will vote to keep monetary policy unchanged.

■ UK GOVERNMENT bond prices closed narrowly mixed after what dealers characterised as one of the dullest trading sessions of the year. With UK trade and current account data due out today, investors were reluctant to adopt any new positions.

Most attention, meanwhile, was focused on the short end of the market, where interest rates edged up slightly. Given anecdotal evidence — and indeed, some statistical evidence — of a slowing economy, money market rates have been easing over the past week in a manner suggestive of a 13½ per cent base rate. However, the Bank of England is apparently signalling the markets that such hopes are premature.

■ WEST GERMAN government bond prices closed 15 to 25 pfennigs lower in dull trading, although in London bund futures saw active trading, with over 33,000 contracts exchanged.

News of a 4.9 per cent rise in July M-3, much faster growth than June's 4.3 per cent rate, sent bond prices down initially. They quickly recovered, however, with dealers noting that the pick-up in that monetary aggregate had already been foreshadowed. The rate remains well within the Bundesbank's 5 per cent growth rate target.

GOVERNMENT BONDS

TIP Europe borrows £50m

TIP Europe, a trailer rental fleet operator, has signed a £50m three-year multiple option facility co-arranged by Manufacturers Hanover and J. Henry Schroder Wagg, writes Norma Cohen.

The loan, the company's first in the Euromarket, carries a margin of 25 basis points over Libor and pays facility fees of 15 basis points.

● Marley, a manufacturer of building materials in the UK, has signed a £50m commercial paper programme arranged by Barclays de Zoete Wedd.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	107-14	-1/32	10.01	10.78	10.91
		9.750	1/98	98-31	+4/32	9.93	10.03	10.21
		9.000	10/08	98-22	-1/32	9.14	9.18	0.33
US TREASURY *		9.125	5/98	105-17	-8/32	8.23	8.23	8.06
		8.875	2/19	106-26	-5/32	8.23	8.27	8.15
JAPAN	No 111	4.800	6/98	97.2510	-0.118	5.05	5.09	5.19
	No 2	5.700	3/07	108.8499	-0.001	4.97	5.00	5.02
GERMANY		7.000	2/99	101.4000	-0.250	6.78	6.69	6.67
FRANCE	BTAN	8.000	1/94	97.2755	-0.346	8.74	8.66	8.77
	OAT	8.125	5/99	97.8300	-0.290	8.48	8.39	8.52
CANADA *		10.250	12/98	104.8750	-0.250	9.48	9.60	9.98
NETHERLANDS		7.000	3/99	99.1700	-0.190	7.12	7.00	7.08
AUSTRALIA		12.000	7/99	94.4861	-0.053	13.00	12.98	13.49

London closing. *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 22

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅛ 95	600	102¾	103⅛	-0⅛	-0½	8.74
Austria 9⅝ 93	140	101½	102⅜	-0⅛	-0⅛	9.00
B.F.C.E. 7 92	150	95⅛	95⅞	-0⅛	-0⅛	8.92
B.F.C.E. 9¼ 95	150	101¾	102¼	-0⅛	+0⅛	8.80
Brit. Tel. Fin. 9⅞ 98	250	102⅞	103⅜	-0⅛	+0⅛	8.85
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅜ 91	80	101¼	101⅛	0	0	5.12
Canada 5⅜ 93	80	101⅜	101⅞	0	0	5.12
Eurofima 5 1995	20	99⅛	99½	0	+0⅛	5.15
E.I.B. 4⅞ 93	30	99	99¼	0	0	5.14
Ireland 5⅞ 93	30	99½	100	0	0	5.19
[illegible]						

OTHER STRAIGHTS: [illegible]

DEUTSCHE MARK STRAIGHTS: [illegible]

SWISS FRANC STRAIGHTS: [illegible]

FLOATING RATE NOTES: [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Ladbroke 5½ 04 £	6/89	7.1	104¼	105¼	+0¼	126.60
Land Secs. 6¼ 02 £	6/87	6.72	96¼	97¾	-0⅞	10.39
Minolta Camera 2¼ 94DM	2/86	1004.	112¼	113¾	-1¼	5.24
MCA Inc 5½ 02 US	9/87	69.62	105¼	106¼	-0¼	11.76
Mitsubishi Bk. 3½ 04 US	5/89	3266.	95¼	96¼	0	2.03
Next Plc 5¾ 03 £	11/87	4.3	101¼	102¾	-0¼	220.54
Nichi Nipp. Bk. 2⅝ 03 US	4/88	804.	120	121	+0¼	-1.04
Omron Tateisi 2⅝ 02 US	4/87	1310.	284	285	-2¼	-0.16
Ranks Hovis 4⅞ 03 £	1/88	3.5	127¼	128¾	+0¼	-2.84
Redland 7¼ 02 £	1/87	5.4	102¼	103¼	-0¼	8.96
Saatchi&Saatchi 6⅜ 03 £	†10/89	4.41	94¼	95¼	-0¼	28.46
Silicon Graphics 6 04 US	6/89	23.18	99¼	100¼	-0¼	15.76
Sumitomo Bank 3⅛ 04 US	2/89	4296.	92¼	93¼	0	14.54
Texas Inst. 2¾ 02 US	9/87	82.87	76	77	-0⅞	69.06
Utd. Newspapers 0 04 £	10/89	8.77	113¼	114¼	0	92.31
W.R. Grace 6¼ 02 US	9/87	42.12	96¼	97⅞	-1⅞	17.28

* No information available-previous day's price

1 Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Carlo De Benedetti

Dillon Read charts the shock waves of SGB bid

By **Tim Dickson** in Brussels

AS RECENTLY as last year Belgium's public companies tended to be loosely controlled, often held together by little more than a gentlemen's agreement, and sometimes even run by shareholders with a minority stake.

Mr Carlo De Benedetti's unsuccessful bid for Société Générale de Belgique challenged these and other assumptions and inspired some fundamental changes in thinking both inside and outside the prized holding company.

Roughly one year after the din of that great takeover battle was fading, the London-based investment bankers Dillon Read have produced a useful piece of research documenting the wider impact of the so called "SGB effect."

The shock waves, it concludes, have had two main consequences: the rapid introduction of self-defence mechanisms by individual companies, and new government legislation aimed at establishing rules to make the market place more transparent.

The self-defence mechanisms can be divided into three categories:

● "Poison pills" of the type introduced by CBR, Colruyt, GB-Inno-BM (now GIB), Solvay and UCB, which can be used if a definite threat to the shareholding structure emerges in the shape of a hostile bid. Here, the GB-Inno variety — where bonds with warrants placed exclusively with the Vaxelaire family and its financial partners guarantee them 51.5 per cent if exercised — is representative of the breed.

● Authorised capital. Big companies which have a substantial authorised capital are Bekaert, Delhaize and Petrofina — in the case of Petrofina the amount of this capital outstanding can be used to create shares equivalent to 33 per cent of the outstanding share capital, and 50 per cent in the case of Delhaize.

● Anti-dilution "top ups." Dillon Read notes the Tractebel bond with warrant issue, equivalent to 4.9 per cent of the existing share capital which has been placed with Petrofina and Electafina and could reinforce the main shareholders. It also notes the Euro-equity issue from Kredietbank, which was accompanied by a bond with warrant issue for the same number of shares so as not to dilute the stake of Almanij (Kredietbank's parent).

On the legislative front, meanwhile, there are two initiatives.

First, the stake disclosure legislation that came into force on 3 July requires all stakes of 5 per cent or more in publicly-quoted companies with shareholders' funds of at least BFr250m ($6.17m) to be disclosed. Second, the takeover code is expected to ensure correct information for all shareholders, equitable treatment of minority shareholders, and new conduct rules for bidders and target companies once the takeover terms are on the table.

The big question for investors, of course, is whether all this will make any difference.

Although it is early days on the stake disclosure front, Dillon Read is sceptical and, further, highlights some worrying trends for minority shareholders. Where a controlling block in a company has changed hands above the market price the Banking Commission, as in the cases of UCB's bid for Pebeltec and Rothmans' purchase of Tabacofina, has insisted on a formal bid at at least the same level. But "when a significant block changes hands at a price below the market price, the Banking Commission has so far deemed a bid to be unnecessary. This tends to undermine the position of minority shareholders, as it is also likely to undermine the market price."

The relative paucity and poor quality of information on trading performance from many Belgian companies "allows managements suddenly to make dramatic write-downs of assets or to declare exceptional losses." Dillon Read makes clear it has in mind the recapitalisations at Gechem and FN, where there was a significant dilution of minority interests.

INTERNATIONAL CAPITAL MARKETS

Inter-American Bank deal meets with good reception

By Andrew Freeman

THE PUBLIC STRAIGHT bond market was tapped in Switzerland yesterday for the first time since late June when, as expected, Crédit Suisse launched a deal for the Inter-American Development Bank. Syndicate managers do not, however, expect the issue to stimulate a rush of issues in a market where fundamentals remain weak.

INTERNATIONAL BONDS

After some initial uncertainty about the ability of the market to absorb a SFr300m deal, the two-tranche issue had a fine reception, particularly the 15-year tranche which was quoted by Crédit Suisse at less ¼ bid, way inside gross fees of 2¼ per cent. The 10-year tranche was trading at less 1¾ bid, inside 2 per cent fees.

Traders said there was substantial placement of both tranches among investors which had been indicating their interest in a long-dated deal by a well-known name. The 15-year tranche was found attractive mainly for its 6 per cent coupon.

Elsewhere, traders were diverted by an Ecu75m unswapped issue launched for the National Bank of Hungary by Kredietbank. This was the first time a borrower from Eastern Europe had tapped the sector.

The seven-year bonds carried a fat 10 per cent coupon and were priced to give a substantial yield pick-up over a basket of triple-A rated issues of similar maturity.

The lead manager was quoting the paper at less 1⅝ bid, ¼ point inside full underwriting commissions. An official said there was good demand from institutions and that retail interest should follow over the next few days.

Portions of the deal were offered for asset swapping at around 80 basis points over Libor, and it is understood there was some response at that level. However, several banks declined, saying they would need more than a point over Libor before the swap was worthwhile.

Yesterday's two Japanese equity warrant deals had good receptions, running to fine premiums against their par issue prices. Nomura was quoting the Nippon Light Metal at 104⅝ bid, while Yamaichi quoted the Ishihara paper at 103 bid.

Drexel Burnham Lambert launched C$1bn worth of repackaged ex-warrant bonds. However, it would not disclose the yield or the underwriting commissions.

In Germany, traders described some selling pressure as prices of some supranational issues lost up to ½ point amid worries about the US Treasury market. Prices stabilised at the lower levels later in the day on short covering as the dollar eased. The World Bank 6¼ per cent maturing 1997 issue closed at 96 bid, down 60 pfennigs on the day.

Deutsche Bank launched a DM200m 10-year equity warrants deal for Hoesch International Finance, a financing subsidiary of the German steel and engineering group. The paper traded strongly, rising to a premium of around three points over the 135 issue price.

Deutsche Bank also announced that it was postponing an equity warrant deal for Dynic Corporation. It is understood the planned issue size was DM80m.

● The first put warrants on the FT-SE 100 stock index to gain an official listing on the International Stock Exchange were launched yesterday by Mitsubishi Finance International.

The two-year put warrants were priced at £3,625, or 7¼ per cent of their £50,000 face value. Mitsubishi will issue up to 1,000 of the warrants, which traders said were reasonably priced.

● Nippon Kangyo Kakumaru Securities says it will be the first non-Big Four securities house to lead-manage a samurai bond issue, when it underwrites a Y10bn, five-year bond to be issued by Shell Australia, a member of the Royal Dutch/Shell Group, Reuter adds from Tokyo.

The signing date will be October 24 and payment date November 2. Dai-Ichi Kangyo Bank is the commissioned bank.

All previous samurai bonds since the market opened in 1970 have been lead-managed by at least one of Japan's Big Four – Nomura Securities, Nikko Securities, Daiwa Securities and Yamaichi Securities.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Nippon Light Metal Co.♦	300	(4⅛)	100	1993	2¼/1½	Nomura Int.
Ishihara Sangyo Kaisha♦	250	(4⅛)	100	1993	2¼/1½	Yamaichi Int. (Europe)
CANADIAN DOLLARS						
CIBC (Singapore)(a)‡◆	600	(a)	100	1994	n/a	Drexel Burnham Lambert
Privatbanken(a)‡◆	400	(a)	100	1994	n/a	Drexel Burnham Lambert
ECUs						
National Bank of Hungary(b)◆	75	10	107⅞	1996	1⅞/1¼	*Kredietbank Int.*
SWISS FRANCS						
Inter-American Dev. Bank(b)◆	100	5¾	101¼	1999	2	Credit Suisse
Inter-American Dev. Bank(b)◆	200	6	101¼	2004	2½	Credit Suisse
D-MARKS						
Hoesch Int. Finance(c)♦◆	200	7	135	1999	2½/1½	Deutsche Bank
YEN						
SOS Bank(d)◆	3.2bn	(d)	101⅛	1991	1⅛/⅝	IBJ International

**Private placement. ♦With equity warrants. ‡Floating rate notes. ◆Final terms. a) Coupon linked to 3-month Canadian acceptance rate. b) Non-callable. c) Warrant exercise period 29/9/89-28/9/94. Each DM1,000 bond has 2 warrants to purchase 6 ordinary shares at DM247 each. d) First coupon 6.8%, then various coupons between 7½% and 9¼% linked to formula.

Bullion arm helps HK broker lift profits 24%

By Michael Marray in Hong Kong

SUN HUNG KAI and company, the Hong Kong-listed financial services group controlled by the Fung family, has reported first-half profits after tax but before extraordinary items of HK$103.09m (US$13.2m), an increase of 24.4 per cent over the same period last year.

Extraordinary items amounted to HK$2.19m, compared with HK$19.71m in the first half of 1988. Sun Hung Kai, which operates one of the largest retail brokerages in Hong Kong, had a good half year, with significant contributions from both the securities and bullion divisions, while the corporate finance arm exceeded forecasts, in spite of several promising deals being shelved around May and June.

During the first half, the stock markets of most Asian countries performed well, while Hong Kong's Hang Seng index dropped by 14.9 per cent, but Mr Tony Fung, Sun Hung Kai's chairman and managing director, said he expects Hong Kong to follow regional trends and continue its recovery.

Mr Fung said that the development of the business strategy to become an Asian Pacific investment house was continuing, and strategic links with complementary houses in North America and Europe were under discussion. Sun Hung Kai was previously linked to Merrill Lynch, but the two ended a five-year association early in 1987.

Correction

Philadelphia Exchange

IN THE first edition of yesterday's Financial Times, it was wrongly stated that the Philadelphia Exchange had asked CIP holders to liquidate their positions. The report should have said that the Philadelphia and American Stock Exchanges had announced that trading in index participation products would for the time being be only for liquidation of holdings.

Clearing banks take to water

Stephen Fidler on the funding battle behind a government sell-off

On the face of it, the raising of more than £7bn in working capital for nine of the 10 UK water authorities is being carried out quietly and with minimal fuss. Behind the scenes, however, there has been a struggle between the established powers in the sterling financial markets – the big UK clearing banks – and the rest. The clearing banks have largely prevailed.

The funds are needed to provide working capital, to satisfy stock exchange requirements among other things, ahead of the authorities' planned privatisation in November. Each authority invited up to five banks to bid for six-year standby credits.

"If they'd wanted it," said one banker yesterday, "the authorities could have raised this finance more cheaply by going elsewhere. In the end, they decided to go for the clearing banks, and they are paying more for the privilege."

The successful bidders – as reported yesterday, dominated by the clearing banks – are now seeking other banks to help underwrite the credits, which must be done some time next month.

The clearing banks dominated the list of arranging banks. According to bankers, Barclays is arranging the £1.5bn financing for Thames and the £800m one for Anglian. National Westminster won the £1.2bn credit for North-West and the £450m financing for the Welsh authority, while Lloyds is arranging the £1.5bn credit for Severn-Trent.

The remaining mandates were won by Credit Suisse First Boston (the £600m credit for Yorkshire), Manufacturers Hanover (Southern for £450m and Wessex for £350m) and S.G. Warburg, the only UK merchant bank to be represented and which is raising a £300m credit for Northumbrian.

The 10th authority, South-West, has not yet decided whether to approach the market. According to bankers, it may not have to, in view of its cash position and projected cash flows.

Apart from Midland, the clearer not represented among the mandates, the greatest disappointment will probably be from the French banks. With their countrymen buying private British water companies, the French banks had been expected to show up as arrangers of these credits, although they may yet emerge as prominent underwriters.

The clearing banks have had an implicit policy for some time of resisting aggressive loan pricing. They have boycotted a number of tightly priced corporate deals when commitment commissions – the price banks are paid to put funds on stand-by for customers – sank below what they considered adequate.

The commissions and interest rate margins on the water authority deals have yet to emerge, but bankers believe commitment commissions for most of them will lie between 0.1 and 0.15 per cent, and interest margins over money market rates at between 0.2 and 0.3 percentage points.

While other factors may influence the banks, the clearers' cut-off for commitment fees is said to be around 0.125 per cent.

One argument made by the clearers in reply appears increasingly in the international loans market. While they agree they do not offer rock bottom pricing, they say their big balance sheets allow them to hold on to a large part of the credit, something which can be advantageous to borrowers.

Clearing banks agree they do not offer rock bottom pricing, but they say their big balance sheets allow them to hold on to a large part of the credit, something which can be advantageous to borrowers.

This contrasts, they argue, with US banks, most of which are very quick to move assets from their own balance sheets, and with merchant banks, which do not have the size of balance sheet to allow them to retain large positions.

On top of this, there have been charges that, while banks were asked not to seek underwriters before this week, some had already sounded out the market during the previous week or earlier.

The assessment of the risk in lending to these authorities could prove difficult for some banks. As private sector companies, they are all monopolists, but in a highly regulated business. Legislation has guaranteed that their charges will for some time increase faster than inflation, yet some face higher capital costs than others in repairing dilapidated sewerage systems and in improving water quality.

Bankers also say their assessment of credit risk is confused by the existence of a special administrator who, in certain extreme situations, such as large scale fraud, can take over the affairs of the authority.

"Some banks are worried that in these circumstances, they'll be left looking at a black hole," one banker commented. "In a situation where you would need to do something with the assets, the special administrator has the power to take them away."

This was leading to contrasting views of the risk. At one end, some banks view the risk, at least over a six-year horizon, in essence as "UK Incorporated."

At the other, some bankers have said they will stay out of the credits until they are clearer about the role of the special administrator.

Nevertheless, while the sums involved may appear huge, bankers point out that this may exaggerate their importance, in that many of the credits will not be drawn.

Stakes in leasing groups sold

By Our Financial Staff

STAKES IN two Asian leasing companies have changed hands, each being sold by an international bank as part of a rationalisation in the region.

Manufacturers Hanover of the US is shedding a 45 per cent holding in Korea Industrial Leasing for a sum which was reported in Tokyo to be around Y9bn ($63m) to Y10bn.

Nippon Credit Bank, which is the purchaser, did not itself specify a price but said Korea Industrial Leasing had assets of Won 612bn ($913.2m). The company is half owned by Korea Development Bank and 5 per cent by Korea Exchange Bank, two Seoul state-owned institutions.

Hongkong and Shanghai Banking Corporation is meanwhile selling its 50 per cent share in Wardley Summa Leasing, based in Indonesia.

The local family-controlled Summa group of companies, which had operated Wardley Summa as a joint venture, is picking up the remainder through Summa Handelsbank, its West German banking offshoot.

Hongkong Bank said the disposal reflected the concentration of its activities in Indonesia on commercial banking. The bank recently reopened its office in Surabaya.

The leasing business, which it described as relatively small, was operated through its Wardley Holdings merchant banking side.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday August 22 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Mon Aug 21 Index No.	Fri Aug 18 Index No.	Thu Aug 17 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	1003.55	-0.4	10.71	4.04	11.46	20.88	1007.32	1012.97	1007.75	803.24
2 Building Materials (29)	1209.59	-0.2	12.38	4.40	10.05	26.47	1212.59	1215.08	1209.79	1021.69
3 Contracting, Construction (37)	1598.16	-0.4	14.94	4.48	8.75	33.67	1605.08	1608.23	1606.25	1611.38
4 Electricals (9)	3027.03	+1.4	7.73	3.82	16.01	52.79	2984.07	3018.94	3013.90	2152.34
5 Electronics (30)	2246.18	-0.8	8.65	3.33	14.98	47.99	2265.30	2281.55	2272.32	1743.98
6 Mechanical Engineering (56)	543.65	-0.5	9.90	4.07	12.31	10.58	546.34	548.93	547.98	422.88
8 Metals and Metal Forming (6)	526.68	-0.3	19.48	5.70	5.66	14.84	528.45	527.84	522.43	486.41
9 Motors (17)	368.10	+0.2	10.43	4.19	11.22	8.25	367.52	368.79	368.85	281.57
10 Other Industrial Materials (23)	1851.33	-0.5	8.42	3.79	14.17	34.02	1859.93	1881.53	1854.46	1313.89
21 CONSUMER GROUP (186)	1382.16	-0.1	7.87	3.09	15.94	22.10	1383.22	1378.29	1361.60	1082.83
22 Brewers and Distillers (22)	1544.53	-0.3	8.62	3.17	14.52	25.65	1549.84	1552.90	1552.94	1116.64
25 Food Manufacturing (20)	1193.98	-0.3	8.46	3.50	14.80	21.04	1197.73	1201.82	1194.45	965.69
26 Food Retailing (14)	2645.66	......	7.55	2.61	17.51	38.37	2645.38	2659.26	2638.54	1949.37
27 Health and Household (14)	2655.13	+0.3	5.54	1.55	21.30	22.32	2647.81	2604.54	2496.19	1814.39
29 Leisure (33)	1768.98	-0.4	7.06	3.16	17.56	31.23	1775.97	1777.80	1774.22	1358.78
31 Packaging & Paper (15)	615.82	-0.7	9.51	4.03	13.28	9.63	619.26	619.97	617.89	526.38
32 Publishing & Printing (19)	3892.33	-0.3	8.16	4.28	15.79	88.95	3903.44	3865.24	3874.28	3531.90
34 Stores (34)	891.32	+0.2	9.85	4.89	13.25	17.82	889.65	885.23	878.43	806.96
35 Textiles (15)	582.49	+0.5	10.27	4.99	11.67	15.36	579.65	576.62	570.76	584.81
40 OTHER GROUPS (93)	1210.29	-0.1	9.60	3.98	12.66	23.13	1211.50	1212.07	1210.67	887.52
41 Agencies (17)	1583.02	-1.7	6.71	2.23	18.41	22.79	1610.21	1608.87	1620.11	1087.20
42 Chemicals (22)	1354.42	+1.1	10.96	4.58	10.76	40.83	1340.26	1328.51	1334.52	1040.17
43 Conglomerates (13)	1772.31	-0.6	9.65	4.60	12.28	28.35	1782.97	1785.91	1792.82	1212.54
45 Transport (13)	2401.84	-1.3	8.73	3.77	14.89	40.89	2433.95	2467.26	2463.02	1937.37
47 Telephone Networks (2)	1120.88	-0.5	10.92	4.43	11.93	22.38	1126.03	1142.32	1125.10	942.82
48 Miscellaneous (26)	1995.51	+1.1	8.49	3.19	13.33	29.84	1974.45	1944.52	1940.21	1200.88
49 INDUSTRIAL GROUP (486)	1253.08	-0.2	9.11	3.59	13.55	22.74	1255.05	1255.02	1246.03	969.56
51 Oil & Gas (14)	2159.78	-0.6	9.92	5.19	13.37	73.67	2172.91	2183.91	2188.12	1780.13
59 500 SHARE INDEX (500)	1330.64	-0.2	9.21	3.79	13.53	26.89	1333.57	1334.40	1326.39	1038.41
61 FINANCIAL GROUP (122)	802.60	-0.2	--	5.11	–	23.83	804.31	803.23	800.16	691.50
62 Banks (9)	813.71	-0.1	21.23	6.13	6.19	33.83	814.91	810.47	806.40	657.37
65 Insurance (Life) (8)	1219.51	-0.2	--	4.90	–	29.86	1222.30	1217.54	1199.43	1037.69
66 Insurance (Composite) (7)	629.02	-0.3	--	5.90	–	18.02	631.08	630.47	631.12	538.82
67 Insurance (Brokers) (7)	964.03	-0.7	7.83	6.44	17.18	31.89	971.02	954.29	942.83	976.24
68 Merchant Banks (10)	369.91	-0.5	--	4.29	–	7.36	371.65	372.34	371.04	354.18
69 Property (50)	1386.19	......	6.19	2.85	20.61	18.67	1386.26	1393.30	1393.64	1197.60
70 Other Financial (31)	371.55	-0.6	10.83	5.88	11.88	9.83	373.82	375.89	375.68	375.48
71 Investment Trusts (69)	1267.76	-0.2	--	2.64	–	16.83	1269.76	1269.39	1267.84	900.73
81 Mining Finance (2)	701.86	-0.5	8.52	3.66	13.02	15.84	705.71	714.69	718.54	529.16
91 Overseas Traders (8)	1405.15	-0.3	9.91	5.06	11.52	43.33	1409.73	1415.69	1414.27	1179.59
99 ALL-SHARE INDEX (700)	1201.50	-0.2	--	3.96	–	25.67	1204.17	1204.75	1198.30	948.85

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 21	Aug 18	Aug 17	Aug 16	Aug 15	Year ago
FT-SE 100 SHARE INDEX♦	2370.8	-3.9	2385.2	2361.5	2374.7	2375.1	2360.8	2345.8	2326.2	1817.9

FIXED INTEREST

PRICE INDICES	Tue Aug 22	Day's change %	Mon Aug 21	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	118.91	-0.02	118.93	--	7.80
2 5-15 years	134.98	+0.04	134.93	--	9.16
3 Over 15 years	147.83	-0.03	147.88	--	8.39
4 Irredeemables	170.60	+0.02	170.56	--	7.32
5 All stocks	132.64	+0.02	132.62	--	8.72
Index-Linked					
6 5 years	141.13	....	141.13	--	2.26
7 Over 5 years	140.55	-0.12	140.72	--	2.66
8 All stocks	140.47	-0.11	140.63	--	2.61
9 Debentures & Loans	115.16	+0.21	114.92	--	6.77
10 Preference	89.33	+0.07	89.27	--	3.54

AVERAGE GROSS REDEMPTION YIELDS		Tue Aug 22	Mon Aug 21	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.35	9.35	9.84
2	15 years	9.06	9.06	9.49
3	25 years	9.00	9.00	9.16
4 Medium Coupons	5 years	10.25	10.25	10.28
5	15 years	9.45	9.46	9.70
6	25 years	9.13	9.13	9.40
7 High Coupons	5 years	10.38	10.37	10.38
8	15 years	9.66	9.66	9.86
9	25 years	9.29	9.30	9.42
10 Irredeemables†		9.04	9.04	9.77
Index-Linked				
11 Inflation rate 5%	5yrs.	2.75	2.75	3.00
12 Inflation rate 5%	Over 5 yrs.	3.41	3.41	3.83
13 Inflation rate 10%	5 yrs.	1.92	1.91	1.90
14 Inflation rate 10%	Over 5 yrs.	3.24	3.23	3.65
15 Debs & Loans	5 years	12.92	12.95	10.96
16	15 years	11.61	11.70	10.95
17	25 years	11.10	11.12	10.94
18 Preference†		10.21	10.22	9.85

♦Opening index 2361.5; 10 am 2370.7; 11 am 2376.0; Noon 2382.4; 1 pm 2384.3; 2 pm 2381.7; 3 pm 2377.1; 3.30 pm 2377.1; 4 pm 2377.2 (a) 1.20pm (b) 9.00am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	24	52	29
Corporations, Dominion and Foreign Bonds	1	10	33
Industrials	224	572	773
Financial and Properties	98	224	346
Oils	16	33	43
Plantations	1	0	10
Mines	23	39	112
Others	41	128	117
Totals	428	1,058	1,463

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§75	F.P.	-	92	75	§Alpha Estates 5p	88		u2.81	1.9	4.3	16.6
§33	F.P.	11/8	42	35	§Ambassador Sec. Grp. 5p	40	+1	-	-	-	9.5
57	F.P.	-	66½	61	Babcock Intl. Group 10p	65	-½	u3.0	1.7	6.2	11.2
§100	F.P.	-	126	108	§Boxmore Intl. 10p	115		u5.2	1.9	6.0	11.1
§135	F.P.	-	156	145	§Danbey Group 10p	146	-2	L5.06	2.0	4.6	8.7
85	F.P.	-	96	84	§Diamond Group Hldgs 5p	91		L1.13	4.7	1.6	17.3
§62	F.P.	-	70	62	§Ferwell Group 10p	67		L1.8	3.0	3.6	12.3
-	F.P.	-	60	53	Hanson Warrants	55	+1	-	-	-	-
§135	F.P.	-	198	135	§Le Creuset FF0.35	180		R049.3	2.8	2.5	15.2
□	F.P.	-	450	425	Leveraged Opportunity Tst.	450	+3	-	-	-	-
♦	F.P.	-	76	73	Murray Enterprise	73	-3	-	-	-	-
500	F.P.	-	513	500	Nth. American Gas Inv Tst.	502		K3.75	-	10.0	-
50	F.P.	-	51	45	Pacific Prop. Inv. Tst 10p	48	+2	-	-	-	-
-	F.P.	-	21	17	Do. Warrants	20		-	-	-	-
§105	F.P.	-	112	107	§Polar Electronics 10p	107	-3	R4.5	2.7	5.6	8.9
†	F.P.	-	380	340	Presidio Oil "A" 10c	380		Q2.5c	-	0.4	-
§100	F.P.	-	123	100	Radiotrust	123	+1	-	-	-	-
105	F.P.	11/8	71	55	Richmond Oil & Gas 10p	66		-	-	-	-
105	F.P.	-	122	111	§Smith (James) Estates	122		u3.0	0.9	3.3	36.1
-	F.P.	-	599	527	SmithKline Beecham "A"	575	-2	W-	-	-	20.9
-	F.P.	-	2768	2450	Do. Equity Units	2600	-63	W-	-	-	18.9
-	F.P.	-	49	38	Thornton Asian Emg. Wrts	48		-	-	-	-
-	F.P.	10/7	186	63	WPP Warrants	151	-7	-	-	-	-
§109	F.P.	-	118	115	§Westminster Scaffold 10p	116		R5.0	1.6	5.7	13.2
§200	F.P.	-	265	245	§Yorkshire Radio Ntwk 15p	247	-6	R4.0	2.1	2.2	23.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
153p	F.P.	-	109p	106p	British Aerospace 7.75p (Net) Cv. Pf.	107p	
100p	F.P.	-	113p	102p	Carlton Comms. 6.5p (Net) Cv.Rd.Pf 5p	111p	+1
100p	Nil	-	2pm	¾pm	§Carton Beach 7.5p(Net) Cv. Pf.	¾pm	
♦	F.P.	-	50¼p	50⅛p	Gartmore Am. Secs. Zero Div Pf 5p	50⅛p	-⅛
100p	F.P.	28/7	104p	97p	Hartwell 7⅜p (Net) Cv. Pf. £1	99p	+1
100p	F.P.	-	117p	105p	Hunting Gibson 8¾pc Cv. Pf.	117p	+1
§100	F.P.	-	103	100	Leveraged Opportunity Tst Cv Uns Ln	102	
100p	F.P.	-	107p	98p	London Secs. 8¼pc Cv. Rd. Pf.	101p	+1
♦	F.P.	-	77½	77½	Murray Ent. Zero Cv. Uns. Ln. 1994	77½	
-	F.P.	-	100	99⅞	Nationwide Anglia 13⅞pc Bds. 13/8/90	99⅞	
§99.1	F.P.	-	105¼	99¼	Do. 4.25pc Index-Linked 2024	105¼	+¼
100p	F.P.	-	103p	98p	Owen & Robinson 8½pc (Net) Cv. Pf.	101p	+1
§100	F.P.	21/8	105½	101½	Renaissance Hldgs 8.5pc Cv Ln 1994	101½	
§420p	P.P.	10/7	138p	107p	Tipbook Units	130p	-2
§100p	F.P.	25/7	121p	100¾p	WPP 8.25p Cv.Rd.Pf. 10p	116p	-2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
365	F.P.	13/9	460	415	AIM Group 10p	417	
120	Nil	-	10pm	4pm	Astra Hldgs.	4pm	-1
230	Nil	-	53pm	43pm	Automated Security	51pm	
9	6	8/9	12	7½	Bear Brand	8½	-¼
265	Nil	-	35pm	18pm	Bredero Props	30pm	-1
12	Nil	-	1½pm	¼pm	*Casson Oil 10p	¼pm	
195	Nil	-	21pm	18pm	Control Techniques 10p	21pm	
225	Nil	-	33pm	26pm	Laird Group	28pm	-1
305	Nil	-	68pm	58pm	§Menzies-Swain Grp. 5p	60pm	+2
108	Nil	-	16pm	11pm	Nestor-BNA	15pm	
93	Nil	-	22pm	20½pm	Queens Moat Houses 5p	21pm	-1
405	Nil	-	52pm	37pm	Robinson (Thomas)	47pm	-3
69	Nil	-	11pm	4pm	§Sutherland Hldgs.	4pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on Prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. Q Gross. R Forecast annualised dividend cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. □ Reintroduced. ◆ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. § Unlisted securities market. ◆ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

● First Dealings Aug 21
● Last Dealings Sep 6
● Last Declarations Nov 23
● For settlement Sep 4

For rate indications see end of London Share Service

Calls in Tusker, Ferranti, Bond Corp, Platignum, Dominion, AT Trst, Ford Sellar Morris, Ex Lands, Kelt, Unilever, Asda, City-vision, Stainless, Metalcraft. Put D.C. Cook.

LONDON TRADED OPTIONS

THE PULSE rate of the traded options market quickened somewhat yesterday, raising activity above Monday's sluggish levels. With the underlying market turning over 391.6m shares, the options market traded a sleepy 25,359 contracts, well below par.

Activity was dominated by the FT-SE option, reflecting the cautious view of the underlying market held by some institutional investors using the contract to protect themselves. Some 5,202 contracts traded, 2,551 of them calls and 2,651 puts.

Elsewhere, traders said the day was dominated by a fairly large number of modest-sized orders.

Unremarkably, British Petroleum was top of the active list, with 1,945 contracts changing hands, 1,755 of which were calls and 1,500 in the October 300.

The second most active, Allied-Lyons, was also call-dominated, with 1,074 calls to 106 puts traded.

Wellcome again featured, following the favourable review of the group's anti-Aids drug, Retrovir, from the US National Institute of Allergy and Infectious Diseases. There, 578 calls and 586 puts traded, against a background of continuing strong performance of the underlying stock.

Some 1,111 calls of Pilkington traded out of 1,118 contracts, helped by some apparent bid speculation. The November 240 calls posted 510 trades, and the November 260 calls, 494 trades.

In BAT, 974 contracts traded, 698 of them calls. Some 250 contracts each changed hands in the November 650 and November 700 calls, suggesting holders of deep in-the-money options were locking in their gains amid some uncertainty about the prospects for the bid for the company from the Hoylake consortium led by Sir James Goldsmith.

In United Biscuits, some late selling of puts was reported. According to LTOM statistics, in four trades, 400 of the April 360 puts changed hands and in one trade, 50 of the October 360.

Some dealers argued yesterday that the increased volatility of the underlying market – thanks in part to bids and bid speculation in a fairly thin market – was not reflected in higher options prices.

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*547)	500	65	81	98	6½	14	19
	550	32	50	69	23	35	38
Brit. Airways (*193)	180	18	24	33	2	5	7
	200	7½	13	20	11	13	16
	220	2½	7	12	29	29	29
Storehouse (*137)	130	14	19	23	4	7	9
	140	7	13	17	8½	11	13
Trafalgar (*418)	377	52	60	–	4	8	–
	390	–	–	59	–	–	16
	420	20	28	41	16	23	26
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Tesco (*214)	200	20	50	34	4½	6½	8
	220	10	17	21	12	13	15
[illegible]							

Option		Calls Sep	Calls Nov	Calls Jan	Puts Sep	Puts Nov	Puts Jan
Abbey Nat. (*148)	140	12	16	20	1½	2½	3
	160	2	5½	8	13	13	14
[illegible]							

[illegible]

Planned sale of 42% holding in Orient-Express Hotels forms part of rescue attempt

Sea Containers makes complaint to EC

By Andrew Hill

SEA CONTAINERS is complaining to the European Commission that the hostile $1.02bn (£635m) hid for the company – from UK container group Tiphook, and Stena, a private Swedish ferry operator – is anti-competitive and would abuse Stena's dominant position in the northern European ferry market.

The Sealink ferries and containers company is also planning to sell its 42 per cent stake in Orient-Express Hotels (OEHI), which operates the famous train and a number of luxury hotels, to Sea Containers' own US subsidiary.

The sale is part of Sea Containers' attempt to rescue itself from the hostile hid via a recapitalisation. That would involve disposals of certain assets – which could include ferry routes and containers – and the distrihution of a substantial cash dividend to shareholders.

The OEHI stake and a holding in two companies which control Venice's Hotel Cipriani would be sold to Sea Containers America, already a subsidiary of the group.

Mr James Sherwood, Sea Containers' president, was nnavailable to discnss the latest developments yesterday.

It is not known how much such a reshuffling of assets could realise, but the decision to sell to the US suhsidiary marks a departure from Mr Sherwood's earlier comments, which suggested the OEHI stake would be sold to a new Italian company in which he might have an interest.

On the legal front, Sea Containers argues that Stena and Tiphook's agreement to split up the business into ferries and containers would restrict competition in both markets and distort competition in the market for corporate control, breaching the Treaty of Rome's competition clauses.

Mr Eric Goodwin, Tiphook's deputy chairman, said yesterday: "We find the statement concerning the EC extremely strange, bearing in mind that the bid has been thsre for three months. If Sherwood is confident about the recapitalisation why does he need to bring in the EC? Whether it's a stalling tactic or not we don't know."

He added: "Containers are a global business. We don't think we have too much of a problem [with the EC] from our point of view."

The hostile bid for Sea Containers has already been raised in courtrooms from Washington DC to Bermuda, where a supreme court hearing into the legality of certain Sea Containers defensive measures is continuing.

The Tiphook/Stena bid, which was increased a week ago, values each Sea Containers common share at $63, compared with yesterday'e price in New York of around $66. The offer closes on Monday.

In his latest letter to shareholders, posted last Friday, Mr Sherwood said details of the recapitalisation plan would be announced "in sufficient time for shareholders to make an informed decision".

He also implied that Tiphook and Stena had "orchestrated efforts through the media" to force Sea Containers to reveal full details of its reecne plans.

B&C sells half of Woodchester stake and plans total disposal

By Clay Harris

BRITISH & Commonwealth Holdings, the financial services group, yesterday raised £66.9m by placing more than half of its 60.9 per cent stake in Woodchester Investments, the Irish-based leasing company.

It plans to sell the remaining 29.9 per cent block at a premium to a single investor to be chosen hy the Woodchester board. Mr Craig McKinney, Woodchester chairman, said he was talking to two "household-name multinational financial institutions" from different continents. Neither is British.

Although only 29.9 per cent is being offered, Mr McKinney did not rule out the huyer eventually moving to a majority. "The one thing that is sacrosanct is maintenance of the listing," Mr McKinney said. "Any partner whose target is extinguishing the listing is of no interest to us."

The disposal continues a bout of corporate housecleaning at B&C, which has lost its sheen as a glamour stock since the 1987 crash. B&C said it was working on disposals of other investments which are "not central to its strategy."

Most of these are likely to come from quoted and unquoted investments, rather than operating subsidiaries. To speculation that B&C's UK fund management business might be on the block, Mr Peter Goldie, chief executive, said yesterday: "Gartmore is not for sale." Among the leading candidates for disposal are the remaining 40 per cent in London Forfaiting, the trade finance house (a stake worth £44.4m yesterday), and its 10.4 per cent holding (worth £17.5m) in Singer & Friedlander, the merchant bank.

Already this year, B&C has sold a 35.6 per cent holding in JN Nichols (Vimto), the soft drink manufacturer, and tried unsuccessfully to sell a 24 per cent stake in fresh produce supplier Appletree Holdings. It has been trying since late 1987 to sell William Street, the US government securities broker.

With the imminent exit of B&C, Woodchester faces the task of finding a new partner with deep pockets and a long leash. B&C bought an initial 50.1 per cent stake for £28m in October 1986 and has injected another £72m in cash and leasing assets since then to support Woodchester's expansion.

The Irish group has established a strong beachhead in the UK, through the £38m acquisition of Moorgate Mercantile Holdings, the credit finance and leasing company, early in 1988 and the £23.5m purchase of B&C'a Milestone Leasing subsidiary last November. It owns 29.8 per cent of Lookers, the Manchester-based motor dealer.

Woodchester's position in its home market was enhanced in April 1987 with the £9.6m acquisition of Bowmaker Bank from Lloyds Bowmaker Finance, Irish subsidiary of the UK clearing bank. Lately the group has turned its attention towards continental Europe.

However, Woodcheeter's needs have now ontgrown B&C, especially in its current mood of retrenchment. The companies are parting on amicable terms, with Mr McKinney noting that B&C could have achieved a large premium for its shares if it had been willing to sell majority control to a single buyer against the Woodchestar management's wishes.

In the event, the disposal – excluding the expected premium for the 29.9 per cent stake – will reduce B&C's borrowings by £144m and produce a gain of £32m.

The initial stake has been placed at I£1.80 (156p) with four Irish institutions. Existing shareholders will he able to subscribe for up to 20.7m of the total on a one-for-one basis at the slightly higher price of I£1.83. If all shareholders applied, subscriptions would be scaled down.

Woodchester shares closed 3p lower at 165p in London, and B&C fell 4p to 179p.

Interest charges restrict increase at CEI

By John Ridding

HIGHER INTEREST charges and depressed markets in its interconnection technology division limited Cambridge Electronic Industries, the component and instrumentation group, to pre-tax profits of £6.33m for the six months to the June 30, an increase of 5.5 per cent.

However, this was higher than the market expected and shares rose 7p to 200p.

Earnings per share slipped from 9.2p to 8.4p reflecting the issue of shares to finance the acquisition of two US components businesses in the second half of last year.

Borrowings also increased as a result of the acquisitions rising from £6m to £30m at the end of the period. Interest charges increesed from £171,000 to £1.4m. Turnover increased from £74.9m to £92.5m, and there is an interim dividend of 3p (2.65p).

Performances varied sharply across the group's four divisions. Interconnection technology trading profits fell to £859,000 (£2.26m). Mr Richard King, chief executive, said that this resulted from a downturn in the UK market and the rephasing of a number of defence contracts in its Newmarket Microsystems subsidiary.

Electronic components, however, increased profits from £979,000 to £2.16m. About half of the improvement came from the US acquisitions and there was also an exceptional gain from property disposals.

The defence and instrumentation division doubled profits to £2.7m and the epecialist companies, boosted by acquisitions in medical electronics, improved profits from £1.57m to £2.02m.

Mr King said that 1989 was to be a year for major reconstruction by CEI as the group carried out a programme of acquisitions and disposals and increased the overseas element of its business.

Exports and sales by its foreign subsidiaries now account for about half of group turnover. Further overseas expansion, possibly in flexible circuits, is expected as part of a number of acquisitions.

The company said that the effects of de-stocking by UK manufacturers and reduced consumer spending were continuing in the second half. As a conseqoence, the board remained cautious about 1989.

● COMMENT

CEI continues to bring a greater logic into the disparate range of assets floated off hy Philips UK in 1981. But while the strategy seems correct, the impression remains that it will be a while before the benefits really come through at the earnings level. The US acquisitions are starting to look like a good move. Following the sale of certain assets the effective price will have been reduced from $50m to ahout $30m which, given similar earnings, implies a healthy increase in return on capital. But interconnection technology can be expected to stay depressed and the electronic components market is also showing signs of weakness. For the full year, pre-tax profits should reach £15.5m, placing the shares on a multiple of just over 9. Patience is made easier by the high prospective yield of 7 per cent.

Tern gives details of restructure

By Ray Bashford

TERN, the property and construction company which has been hit by the decline in the real estate market, yesterday gave details of a financial restructuring plan.

Equity & Law, the life assurance company, will take control of 50 per cent of the capital and 30 per cent of the voting shares in Tern Property Services, the group'e financially trouhled estate agent subsidiary, for £5m cash.

Tern invested an estimated £14m in establishing a chain of estate agents in southern England between December 1987 and November last year. The agencies lost £1m last year and have moved deeper into the red during the current year.

The estate agency losses have eaten into returns from the property division and the group is expected to report a loss for the six months to June 30 this year.

Equity & Law will use Tern's network of estate agencies as outlets for its financial services operations with an eye on a recovery of the property market in the longer-term.

Tern and Equity & Law will each inject £1m in the property division which will be used as working capital.

Equity & Law is to also subscribe £1.5m for 6m shares in Tern which will give it a 10 per cent stake in the enlarged capital. The assurance company has the right to lift this holding to 29.9 per cent between July 1992 and June 1996 through the conversion of the holding in the real estate subsidiary into ordinary shares in the parent.

After adjustments for the refinancing plan, Tern'a balance sheet at December 31 1988 shows net tangible assets of £12.05m amounting to net assets per share of 20.2p.

Scottish Eastern

Net asset value of Scottish Eastern Investment Trust at July 31 was 213.6p after prior charges at par and 215.4p after dednction at market valne. This compared with 167.2p and 168.6p a year earlier. The interim dividend is 1.15p (1p). A total of not less than 3.45p is expected.

Expamet up 24% to £5.5m

By John Ridding

EXPAMET International, the building products and security group, yesterday announced pre-tax profits of £5.51m for the six months to June 30, an increase of 24 per cent over the comparable period's £4.43m.

The results included four months' contribntion from Radionics, the US alarm components supplier which represents the group'a largest acquisition to date. It was said to have performed in line with expectations and contribnted £300,000 to profits, after interest payments.

Mr Jeremy Beasley, chairman, said the results "showed good progress." Tha group's strategy was currently centred on reducing borrowings following the acquisition.

Earnings per share increased from 7.42p to 8.54p but were limited by February's rights issue which was launched to fund the acquisition. Turnover during the period increased from £58.22m to £77.5m. The interim dividend is 3.8p (3.4p).

At the end of the period, total group borrowings stood at £49m. As a result, interest charges climbed sharply from £915,000 to £2.16m.

Borrowings were being reduced by a programme of disposals; to date this had brought receipts of about £20m. Videoscan, the closed circuit television business, was the only remaining planned disposal and negotiations concerning its aale were at an advanced stage.

Security was now the largest division, increasing sales from £14.8m to £30.85m and profits from £1m to £1.94m. The industrial products side raised profits from £1.68m to £1.97m, partly reflecting the acquisition of Oil Air, a US manufacturer of bladder accumulators, which are used in hydraulic systems including car suspensions.

However, a downturn was experienced in the building division where principal products include joists and lintels. Profits fell from £1.75m to £1.59m as a result of the impact of the downturn in housing starts. Mr Beasley said that order intake throughout the group remained at a high level.

● COMMENT

The acquisition of Radionics, Expamet'a most important move, seems to be running to plan. Borrowings remain high, and net worth has only just become positive following the writing down of goodwill on acquisition. But both concerns are moving in the right direction and by the year-end borrowings should be more than five times covered at £22m. The bad news lies in the building sector. Although only about 20 per cent of group sales go to the new housing market this was still enough to bring about a fall in profits in that division. The second half is not expected to be any worse but will still provide a constraint. Pre-tax profits for the full year should still reach £14m, putting shares on a prospective multiple of about 10. The defensive nature of the security market, which shows no sign of interest rate sensitivity, suggests that this is modest.

Granada sells South African stake for £11m

By John Ridding

Granada Group, the TV, leisure, and business services group, has agreed to sell its 41 per cent stake in Teljoy, a Sonth African consumer electronics rental company, for about £11m.

The 41.8 per cent stake was acquired by Granada when it purchased Electronic Rentals, a rival company in the UK video and television rental market, at the beginning of 1988. It is being sold to Federale Volksbeleggings Beperk, a South African holding company.

Granada had previously stated that it intended to sell off the parts of ERG which did not fit into the group's geographical or business interests. Following the disposal, Granada will have no investments in South Africa.

Smith makes management appointments at Our Price

By John Ridding

WH SMITH, the retail group, has made its first appointments to the management of its Our Price subsidiary since it dismissed four directors, including the founders of the music chain, following claims that they were trying to set up a competing business.

Mr Richard Handover, Smith's regional sales manager for the south west, is to become managing director. Mr Alan Humphrey, finance director at Our Price, is to be deputy managing director.

A new management team for Our Price will be appointed internally and will he announced after Mr Handover joins the company on August 29.

The four directors who were dismissed, and Mr Daranjo, the buying manager who has been auspended, are consulting solicitors about what action they should take.

Conifer builds up 7.9% holding in Ketson

By Clay Harris

CONIFER, a London-based investment company, has emerged as a 7.9 per cent shareholder in Ketson, the public relations and marketing group.

Mr Chris Croft, a Conifer director, said the stake had been built up over some time. Conifer owns Conifer Records, a classical label. Apart from Ketson, it has no other disclosed stakes at present although it formerly held 16.3 per cent in CCA Publications, the art and greetings card publisher

In May, Ketson shareholders rejected a hostile bid approach from a consortium led by Mr Andrew Greystoke's City and Westminster Financial in favour of a refinancing proposal.

DY Davies profit doubled

DY DAVIES, which provides architectural and ancillary services,showed a substantial increase from £517,000 to £1.24m in pre-tax profit for the year ended April 30 1989.

Mr David Davies, chairman of this USM-quoted company, said significant investment had been made in staff recruitment and management training over the past 12 months and that would continne next year.

Turnover, including £1.2m in respect of Health Care Buildings, moved up from £8.9m to £10.97m.

Earnings rose from 5.5p to 14.2p and the final dividend is 3.5p for a total of 5p (4p).

Former ASDA deputy receives £0.2m payment

ASDA, the supermarket group, has paid £216,000 to Mr David Gransby, its former deputy chairman who resigned to "concentrate on private property interests" earlier this year, writes Nikki Tait.

The figure is contained in ASDA's latest report and accounts. The document makes reference to the proposed purchase by ASDA of certain Gateway superstores from Isosceles, which last month won a £2bn-plus hid for the food retail chain, but no further details have been posted. ASDA said it hoped to send those to shareholders at the end of this week or the beginning of next.

ASDA's accounts take in the company's investment in MFI, the troubled furniture retailer subject to a management buy-out in 1987 and has recently sought a refinancing, at cost. ASDA says that "in the opinion of the directors, there is no permanent diminution in the value of this investment."

Meanwhile, Isosceles, which last week finally came to an agreement with its Newgateway rival, is sending out notices to compulsorily acquire the remaining shares. Gateway's Stock Exchange listing will then be cancelled.

Yesterday Goldman Sachs, the US investment bank, was quoting a price equivalent to 25p-29p per Gateway share for the Isosceles "stub" units.

Hambro Countrywide purchase

By Philip Coggan

HAMBRO COUNTRYWIDE, the estate agency and financial services group, has taken a further step in its attempts to reduce its dependence on the residential property market with the £15m purchase of Wright Oliphant, a commercial property surveying group.

The company is being acquired from Ford Sellar Morris Properties, the USM group which recently made an agreed £84m bid for fellow property company Brookmount. The sale is part of FSM's strategy of reducing its borrowings after the Brookmount purchase – and is accompanied by the sale of two Brookmount properties for a total of £10.95m.

Added to the sale of its stake in Trafalgar Brookmount for £4.2m, the total proceeds from Brookmount disposals will now have reached £30m.

Wright Oliphant, which is based in the City, will complement Hambro's existing commercial agency, Countrywide Surveyors. In the year to March 31, 1989, Wright Oliphant made pre-tax profits of £3.05m.

The initial consideration of £12m is set to be funded by a vendor placing, which will be underwritten hy Hambros Bank, Hambro Countrywide's largest shareholder.

Hambro Countrywide has suffered from the depression in the housing market and was forced to cut its final dividend in 1988. Trading conditions have continued to be difficult and the company has been eager to diversify.

Mainmet down 28%

Mainmet Holdings, the USM-quoted maker of metering equipment and energy conservation products, reported taxable profits 28 per cent lower at £329,000 in the year to May 31.

Turnover rose 36 per cent to £6.63m. Earnings per 10p share came to 3.6p (5.43p), and a final dividend of 1.25p makes a total of 1.87p (adjusted 1.6875p).

Blue Bird toffee bought out by two directors

By Richard Tomkins, Midlands Correspondent

BLUE BIRD Confectionery, maker of the old-established Blue Bird brand of toffee, has been sold to a buy-out team by Hillsdown Holdings, the food and furniture group.

The buyers are Mr Roger Inman and Mr Mike Brayshaw, formerly Blue Bird's operations director and finance director. They are believed to have paid about £4m with institutional support.

Blue Bird, based in Hunningtoo, West Midlands, has been making toffee since the 1900s. It was bought hy Hillsdown in 1986 and formed part of the confectionery division with Needlers and Dickson Orde.

Earlier this year Hillsdown instigated a round of redundancies at the Blue Bird plant. About 135 employees remain.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Barr & Wallace Arnold, Loc Refrigeration, McAlpine, Marley, Mersey Docks & Harbour, More O'Ferrall, North Midland Construction, Sunleigh, Victaulic, Weir

Finals- Cullens, Havelock Europe, Heath (Samuel), Herrburger Brooks.

FUTURE DATES

Interims-	
ASW	Sep. 4
Bowthorpe	Sep. 19
Church & Co	Sep. 1
Hartons	Sep. 7
Newarthill	Aug. 30
Page (Michael)	Sep. 11
Provident Financial	Sep. 5
Robinson Bros	Sep. 5
Ropner	Sep. 5
Stat-Plus	Sep. 6
Finals-	
AB Electronic Products	Sep. 13
News International	Aug. 24

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aerospace Eng ......fin	1.56	Oct 12	1.3*	3.12†	2.6*
BICC ......int	5.75†	Jan 2	4.75	-	15
Cambridge Elect ......int	3	Nov 7	2.65	-	9.35
Davies (DY) § ......fin	3.5	Oct 27	3	5	4
Expamet ......int	3.8†	Nov 17	3.4	-	8.75
Goodhead Group ......fin	3.75	Oct 27	3	5.5	4.5
Kalon Group ......int	0.4	Oct 2	0.3	-	1
Mainmet Hldgs § ......fin	1.25	-	1.125*	1.87	1.6875*
Rentokil ......int	1.73	Nov 13	1.44	-	4.275
Scandinavian Bk ......int	3	Oct 2	2.92	-	8.5
Scottish Eastern ......int	1.15	-	1	-	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market.

UK COMPANY NEWS

Molins rejects extra 40p in new offer from IEP

By Ray Bashford

IEP SECURITIES, the UK investment vehicle of Sir Ron Brierley, the New Zealand businessman, yesterday lifted the value of its offer for Molins, the cigarette machinery maker.

The revised and final offer has been increased by 40p to 230p per share with a note alternative. This values Molins at £68.8m, compared with £56.3m under the terms of the previous bid announced in June.

Molins shares responded to the higher offer with a 16p rise to 229p. IEP yesterday bought additional shares to push its holding up to 29.9 per cent of the capital.

Shareholders in Molins were advised to reject the offer and the directors said it "seriously undervalues" the company. "IEP continues to attempt to rob shareholders of their Molins shares at way below a realistic price," said Mr Michael Wright, managing director.

The higher price offers a "totally inadequate" premium of only 9.5 per cent to Molins middle market price in late May when IEP attempted unsuccessfully to dispose of its holding through a tender offer, Molins directors said.

The bulk of the New Zealand company's holding in Molins was acquired in the run up to its first bid in July 1987 which included a cash offer of 300p per share.

Molins defence against the June 190p per share offer lent heavily upon the possible benefits of success in litigation in US courts in e fight to retain rights to patents over flexible manufacturing systems, used in computerised production lines.

Mr Stuart Mitchell, IEP's chief executive in the UK, said the latest offer fully valued the company. He rejected as speculation the argument that the US court decision could considerably increase Molins's worth.

"A management should not base its defence on speculation. Let's talk about the industrial logic of the company's operations and its track record for new markets and businesses," he said.

IEP arguas that Molins erratic trading record during the past five years is likely to continue under the present management, with doubts hanging over future incomes from Brazil and China because of economic and political uncertainties.

If successful, IEP intends to introduce a new management team at Molins which would attempt to diversify the engineering operations into areas which it believes offers the company scope for longer-term growth.

Wheway to expand in Australia

By Richard Tomkins, Midlands Correspondent

WHEWAY, the Birmingham-based industrial group, plans to extend its specialisation in computer room air conditioning systems to Australia with an A$17.3m (£8.3m) acquisition.

It has conditionally agreed to buy Atlas Air Holdings, a subsidiary of the Australian Gas Light Company. Atlas is said to be the market leader in computer room air conditioning systems and raised modular flooring in Australasia and South East Asia.

Consideretion will be financed through a one-for-four rights issne of 13.6m shares at 115p, raising £15m after costs. After paying off Atlas's A$5m (£2.4m) worth of borrowings, the balance of the money raised will be available for further acquisitions.

Atlas suffered a setback in pre-tax profits from A$2.9m to $750,000 in the year to June 1989. The directors believe Atlas's profits can be brought into line with Wright's.

Wheway also asserted its confidence in its own performance by forecasting a 2p final dividend for the year ending September 1989, making 3p against last year's 2.2p. Its share price, anticipating the rights, fell back 7p to 132p.

Rentokil shows 23% rise to £28m

By Clare Pearson

RENTOKIL Group, best known for its pest control business, yesterday announced a near-23 per cent rise to £28m in pre-tax profits in the six months to end-June 1989.

The outcome – up from £22.87m in the comparable period of last yeer – was boosted by a full half-year result from Tropical Plant Rentals, the big US acquisition made in October last year, as well as contributions from UK office machinery maintenance businesses acquired during 1988.

Group sales rose 33 per cent to £133.3m (£99.95m) and earnings per share were up 25 per cent at 8.99p (7.21p).

The interim dividend is lifted to 1.73p (1.44p).

In the UK, profits rose by only 11.9 per cent to £15m on a 21.7 per cent rise in turnover to £60m.

This came as Rentokil stepped up its expenditure on marketing environmental, medical and water and ventilation services.

It made e number of acquisitions during the period under review, expanding its tropical plant services in continental Europe, the UK and Australia. It also expanded its interests in UK office machinery and water treatment operations.

There was a good increase from continental operations which showed profits ahead by 21.9 per cent to £6.3m on turnover up 15.4 per cent to £30.9m. Other interests worldwide also performed well.

By division, environmental services, which includes plant servicing, pest control, and hygiene facilities, increased profits to £24m (£19.8m) on turnover up to £104.16m (£76.79m).

Property care, which includes UK office machinery maintenance, contributed profits of £29.16m (£23.16m) on sales of £29.16m (£23.16m).

● COMMENT

The level of increased expenditure on selling services in the UK meant these results were somewhat below analysts' best expectations, so there was some shaving to produce full-year pre-tax profits forecasts of abont £61m. Nevertheless, shsres in Rentokil remain much cherished. The company has an outstanding record of producing 20 per cent-plus earnings growth, and there seems no reason why this should not continue as it pursues the strategy of building up businesses catering for the world's growing enthusiesm for cleaning up the environment, and general concerns about threats to health. The shares are, in other words, constantly worth buying – but there is still the question of getting the timing right. Curreotly, they are standing oo a prospective p/e of over 18. This rating is not completely wild, but still suggests now is not the moment to plunge in.

I£43m agribusiness buy for Goodman

By Kieran Cooke in Dublin

MR LARRY Goodman, the Irish businessman who is Europe's largest meat processor and exporter, has made a further move into Ireland's agribusiness industry.

Food Industries, the publically quoted company in which he holds a 70 per cent stake, has made a cash and shares bid worth I£43.3m (£37.5m) for Premier Tir Laighean Co-op, which supplies more than 70 per cent of milk in the Dublin area.

In the past 18 months Food Industries has gained control of two other Irish milk co-operatives. If Mr Goodman succeeds in his bid for Premier, it would give him control of about one third of Ireland's total liquid milk supply.

Two other companies have already tabled bids for Premier. The Irish Weterford Foods group and Express Dairies of UK have mede a joint bid while another bid has been lodged by a consortium led by Mr Paschal Taggart, a local businessman.

Earlier Mr Teggert hed strongly criticised botb Mr Goodman and the Premier board, alleging that board members of Premier had given their backing to Mr Goodman before Food Industries had made public its bid.

Mr Goodman's move into the milk business is part of his plans to build Food Industries into one of Europe's main agribusiness companies over the next few years, gaining control of vital supply sources within the present EC quota regime.

Food Industries groups together Mr Goodman's non-meat interests. He also has an 8.8 per cent stake in Unigate, the British food group, and e 9.2 per ceot stake in Berisfords, tbe sugar and commodity group.

Goodhead advances 56% and anticipates growth in publishing and design

By Andrew Hill

GOODHEAD GROUP, the printing, free newspaper publishing and design company, increased pre-tax profits by 56 per cent from £3.56m to £5.57m in the year to May 31.

Contract printing again provided the largest share of profits – up from £1.94m to £2.77m before tax – but Mr Colin Rosser, chairman and chief executive, said the continuing growth of the company would be led by other divisions.

"We see the print business being a major part of the group for a while yet, but eventually it will be overtaken by publishing and design," he said yesterday.

During the year the publishing division, which claims to be the 11th largest producer of free newspapers and magazines in the UK, increased profits from £1.29m to £1.97m.

The design division, which made £523,000 in the comparative nine-month period, increased its contribution to £897,000 in the year, while the paper operation – buying and selling newsprint – made £495,000 (£162,000).

Mr Rosser said he thought growth in the print division would be flatter in the current year as the group invested in new plant at Bristol, while the changed economic climate might slow down the publishing operation.

However, he said acquisitions since the year end would boost this year's figures. In May, Goodhead bought three Canadian advertising publications. It should add to its North American operation with the purchase of more "shoppers", as the titles are known, later this year. Goodhead may also edd to its design division.

The company recently acquired Essex Products, which sells goods and services through readers' offers in national UK newspapers. Mr Rosser said Essex would eventually insert its catalogues in national newspapers and Goodhead's own free publications.

Turnover rose from £49.03m to £61.24m and fully diluted earnings per share increased to 19.2p (14.8p). A recommended final dividend of 3.75p, makes 5.5p (4.5p) for the year.

● COMMENT

Goodhead says the disadvantages of moving from the USM to the main market last year have marginally outweighed the advantages so far. That is partly because the group has been unfairly lumped with larger giants of the print and publishing sector and seen its shares slip with theirs. The strong organic growth of Goodheed's existing businesses defies those simplistic comparisons. If the market were to look ahead, it would see that the contribution from Goodhead's printing activities should be overhauled in due course by income from publishing and design. Vertical integration of the divisions should also allow Goodhead to offer the whole sequence of design, print and publishing facilities to clients and to its own subsidiaries, like Essex Products. Although growth may slow in 1989-90, the group should make about £6.8m before tax. That would put the shares, down 1p to 215p yesterday, on a prospective p/e of about 9.5 – quite attractive given the growth possibilities.

Aerospace Engineering ahead 36% to top £3m

AEROSPACE Engineering yesterday reported substantial growth in the year ended April 30 1989.

Pre-tax profits increased 36.5 per cent from £2.21m to £3.02m on a commensurate increase in turnover to £23.48m (£17.65m).

The directors said order books were satisfactory, and they anticipated continued progress in the current year.

Following delays in the introduction of technical changes by aero engine makers some significant orders may not be delivered until the second half, possibly causing an uneven profit pattern between first and second halves.

Earnings per share were 7.27p, up from 6.15p last time, and the proposed final dividend is 1.56p for e total of 3.12p (2.6p).

The directors also announced a 1-for-10 scrip issue.

Unilever purchase

Unilever, the Anglo-Dutch conglomerate, said yesterday that it was nearing agreement with Sara Lee of the US and its Dutch unit Douwe Egberts over the acquisition of Otares, an industrial cleaning group.

Unilever said that Otares, which has an annual turnover of about Fl 170m (£49m) would become part of its Lever Industrial division which currently operates in some 40 countries.

Tighter cost controls help lift Kalon 56% to £1.8m

By Ian Hamilton Fazey

KALON GROUP, the Yorkshire-based manufacturer of own-label paints for most of the DIY warehouses, yesterday reported a 56 per cent increase in pre-tax profits, from £1.16m to £1.8m, for the half-year to July 1.

The increase wae achieved on turnover reduced from £46m to £40.6m, which reflected last year's rationelisation of unprofitable ectivities and masked a small sales growth in the main sector of decorative paints.

This was in spite of the slowdown in consumer spending, which limited retail sales growth to only 2 per cent.

However, trade sales of the group's Leyland brands to painting contractors rose by 14 per cent.

Another 10 trade sales centres were opened, mainly in south-east England, to bring the total to 48.

Eight more were planned and Mr Mike Hennessy, managing director, said yesterday that Kalon was also on the lookout to buy a complementary chain to spread its net faster.

Profit growth came mainly from tighter cost control and better margins, indicating Kalon's recovery from the previous near-disastrous cheap paint strategy that won it market share when the DIY sheds were expanding.

The other significant trend reported by Mr Leslie Silver, chairman, was a reduction in gearing from 100 per cent two years ago to ebout 40 per cent now.

Further cuts in borrowings were continuing and the company had negotiated release of all security previously held by bankers.

It had continued to benefit from rationalisation in the paint industry which last year saw Crown absorb Berger, thereby rednciug overcrowding among own-label suppliers.

This had helped stabilise the market and ended price warfare, and higher prices were emerging.

Earnings per share rose to 1p (0.61p), and the interim dividend is 0.4p (0.3p).

UK COMPANY NEWS – THE BID FOR BAT

Firmly embedded in communities across the US

Farmers' attraction lies in its distribution system and beneficial financial structure

MR BRIAN Carraway, who joined BAT Industries in 1962 never thought that, as deputy chairman, he would become an honorary citizen of Pocatello, Idaho.

Pocatello is bome though to one of 17 regional offices of Farmers Group, the Los Angeles-based US euto, home and life insurer which BAT bought for $5.2bo last December. Mr Garrawey's elevation to the honour this year symbolised the depth to which Farmers' business is embedded in communities across the US, mostly west of the Mississippi.

On trips to Farmers, where he had been spending half his time before Hoylake's bid for BAT, Mr Garreway had already met 1,000 of its self-employed sales agents. "The only borrific thing ebout it was that there are ahout another 13,000 to go," he said in an interview witb the Finsncial Times shortly before Hoyiake launcbed its £13hn takeover attempt.

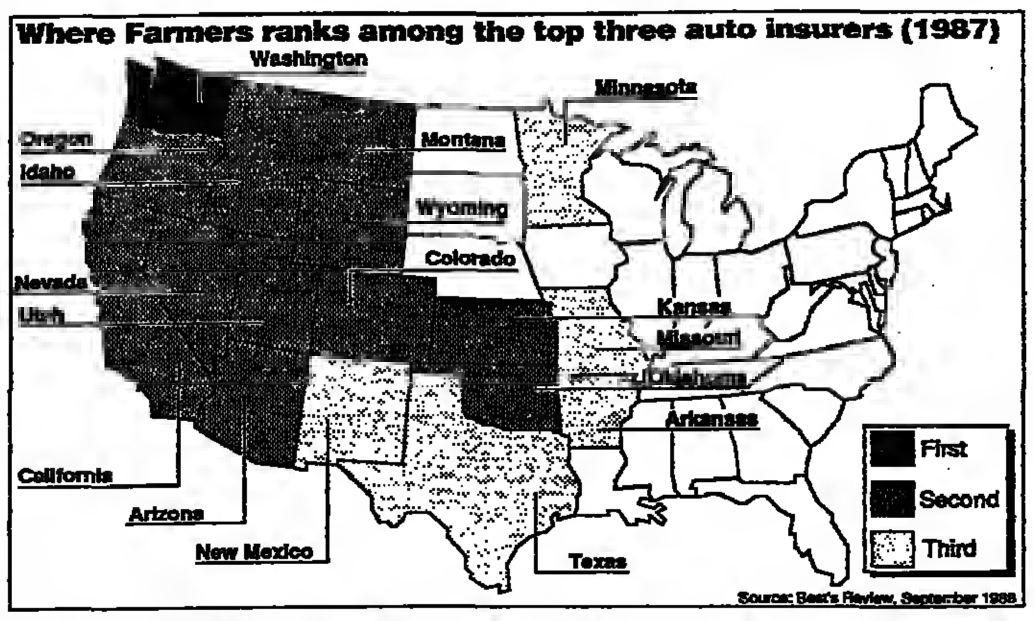
Inspite of the honhomie now between BAT's and Farmers' executives – whose chairman, Mr Leo Denlee is still in place – the Farmers hid has the potential for being the most botly-debated of BAT's diversifications.

By virtue of its sheer size, the treacherous nature of US insurance, and the length of time it migbt take for BAT to edd any value to a business as huge as Farmers, it also raises most starkly questions about the commercial rights and wrongs of BAT's initial decision in the early 1980s to branch out into insurance, an area where its expertise is still unproven.

According to Mr Garraway, the rationale for cboosing Farmers can be summed up in one word: distribution. "There's no mystery why we hought Farmers," he said. "Tbey had that direct sales force we could huild on."

As one of the "direct writers" whicb rose to dominate US automobile insurance after the Second World War, Farmers and its two keenest rivals, State Farm and Allstate, have an edge in terms of efficiency and productivity over tbe so-called "stock agency" insurers, such as Aetna Life & Casualty or Travelers Corporation, which sell vie independent intermediaries. Between 1981 and 1985 Farmers Group's expense ratio – the percentage of premium income gobbled np hy its expenses and commissions – was oever less than 5.4 percentage points ahove the industry's everage.

Where Farmers ranks among the top three auto insurers (1987)



Source: Best's Review, September 1988

The icing on the cake is Farmers' highly beneficial financial structure. Not an orthodox insurer, carrying risk itself, it acts only as a fee-based manager of three mutual insurance pools. This is a key reason, according to BAT, why it can be relatively confident ebout the still unquantifiable impact of Proposition 103, the radical insurance rate-cutting measure passed by voters in California last November. That measure could even be "a good opportunity for growth," says Mr Garraway, if other insurers figbt shy of the Californian auto insurance market.

There is both a bullish and a bearish case about what BAT will get out of Farmers. The bull case is in the potential of Farmers' distribution system. Both Farmers and the largest US anto insurer Bloomington, Illinois-based State Farm have been snatching market share in small "commercial lines" insurance risks away from the main-line stock-agency insurers. According to Mr Garraway, in about half the 26 states where it operates, Farmers has a growing niche in insuring shopping malls and restanrants.

And Farmers has room tn expand beyond its existing territories, into new states. Last autumn, it moved into Tennessee, servicing it from its regional office in Columbns, Ohio, and by June already had 70 sales agents on the ground – "ahead of target," says Mr Garraway – centred around Louisville and Knoxville with plans to penetrate some of the more affluent parts of Memphis. Georgia and Alabama are due to follow, as Farmers's gateway to the deep south.

There is room, too, for Farmers still to improve its efficiency. Oheervers nn Wall Street often bracket lt as a Californian version of State Farm, but the latter's agents are far more productive than Farmers'. Hence, at about 26 per cent, Farmers' expense ratio, though much better than the industry's average, is about 10 percentage points worse than State Farm's.

BAT's argument is that if that gap can be narrowed – by, say, upgrading Farmers' agents by hiring more college graduates, as State Farm has done, by on-the-ground use of computers, or by selling more life policies – Farmers' market share gains could be great.

The hear case abont what BAT can get out of Farmers is two-fold. One point is that Proposition 103 may be symptomatic of a deeper crisis in the US property/casualty insurance industry than BAT seems to think – a sign of grass-roots populist exasperntion of such virulence that insurers can expect to hit similar problems elsewhere in the US.

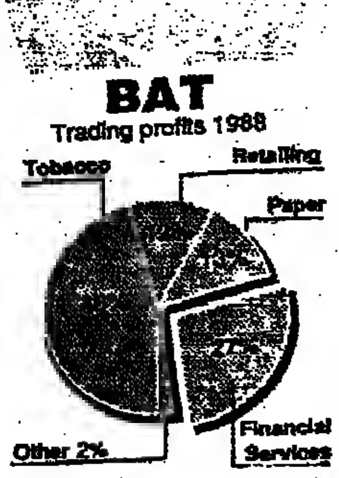
A second lies in tbe fundamental economics of property/casualty insurance – a commodity-type husiness characterised by low barriers to entry and intense competition. In US personal lines of insurance, it is tongh to beat State Farm.

Nick Bunker

Previous articles in this series were published on July 27, August 8 and August 15.

Nick Bunker concludes our sector-by-sector dissection of BAT Industries by examining the performance of the conglomerate's three main financial services companies – Farmers Group in the US and Eagle Star and Allied Dunbar in the UK. Meanwhile, BAT chairman Patrick Sheehy answers charges from his critics that the company overpaid when it expanded into financial services.

BAT
Trading profits 1988



'Still too early' to see the benefits for Eagle Star

IT WAS always going to be a long joh for BAT Industries to transform Eagle Star, the smallest of the UK's six leeding composite insurers, into a financial dynamo.

Even before BAT paid almost £1bn for it in 1984 Eagle Star was an odd-hall among the composites. Tbe record since theo provides one of tbe ciearest examples of a determined attempt hy BAT to reshape a company it has bought. The numbers suggest, tbough, that five years on the task is still far from complete.

Eagle Star
Worldwide net written premiums 1988 - Total £2074.5m

Michael Butt: customers were seen as policy numbers

Eagle Star needed attentioo not simply hecause it had been run, since its creation in 1917, by an upper-class Eoglish family, the Mountains. lt was indicative of tbeir regime tbat it owned some especially sumptuous properties, such as Arlington House, a nobleman's mansion overiookiog St *James's Park, Loodon.*

But the company was also something of a maverick, outside the club of companies which dominated the UK's fire insurance market. lt had pursued new types of business, such as covering employers against the cost of industrial accidents and sickness among their workers, a strategy which was turning very sour.

When BAT arrived, Eagle Star had four defining features. One, eccording to Mr Michael Butt, now its chairman and chief executive, was introversion.

"Eagle Star was a fine British institution, but it existed in relative isolation from the real worid," be said. The danger was it would lose toucb witb strategic issues such as wbat Mr Butt called convergence, meaning the encroachment of banks, building societies and insurers into each other's territory.

Marketing was rudimeotary despite what Mr Butt described as some "superh insurance tecbnicians", sucb as Mr Tony Ratcliff, its chief general manager. "Customers were seen as policy numbers."

A second feature was ewful underwriting results from its non-iife operations. The iate 1970s onwards had seeo rising claims resuiting from industrial diseases, such as asbestosis and deafoess. Eagle Star had about 23 per cent of the UK's employers' *liability* market.

From 1979 to 1983, there was a cumulative underwriting loss of £228m on premlums of £2.4hn. In four of tbe five years its underwriting ranked either worst or second-worst of the six largest UK composites.

In sddition Eagle Star was more beavily focused on the UK than most of its rivals, lacking their big foreign operations. Even today the UK and tbe London insurance markets account for 58 per cent of its life assurance and 70 per cent of its non-life business.

It had a small property/casualty operetion in New York, Eagle Star Insurance Company of America, but BAT sold it for about £30m in December 1986 after some ghastly results even hy tbe US insurance industry's standards.

And finally since 1981, Eagle Star had been wriggling in the clutches of Allianz, West Germany's largest insurer, which huilt up e 30 per cent holding before selling to BAT. Mr Bntt said the long wrangle witb Allianz meant thet for five years capital expenditure had been run down with little investment in information technology. By 1984 it was left "mayhe 25-30 per cent behind the market" and its competitive edge blunted.

In one broad area – strategic planning – BAT had *assisted Eagle Star*. Mr Butt said. "Strategic thinking is now a part of the lives of the executives in a way it wasn't before."

In particular, he said Mr Brian Garraway, BAT's deputy chairman and the man most heavily involved in its financial services expansion, bad "spent an enormous amount of time" on understanding the business. One Garraway input was the idea of re-focusing management by separating the UK activities into two divisions for life and non-life insurance.

Mr Butt said BAT had been "an understanding shareholder". Eagle Star must refer to BAT any spending of more than £4m, but he said: "I've never been to them with a project which they haven't either approved or improved."

An example of the support was that Eagle Star had felt able to spend heavily on information systems at its main back-office centre at Cheltenham to catch up with its rivals. In February a new £50m computer centre was opened and another £350m to £400m of systems spending is planned in the next five years.

The most visible sign of BAT's influence has been the gradual infusion of new management. Mr Martin Broughton became its first finance director in 1985 and Mr Michael Heath arrived as its first marketing director in 1987. Both had backgrounds in BAT's Latin American tobacco side.

To succeed Mr Broughton, now on BAT's main board, last year it brought in Mr Steven Melcber, formerly with CT Bowring, the insurance broker.

In two further innovations, Mr Melcher, a non-actuary, has moved over to bead the life assurance eide, and Mr Butt himself came in 1986 from a high-flying career et Sedgwick Group, the Lloyd's broker.

Of the new arrivals that of Mr Heath was important because marketing, in particular any attempt at creating branded insurance products, was almost unknown at the company before BAT.

Since then, it has started initiatives such as its Rainbow brand of unit trusts, colour-coded according to risk, a big thrust into television advertis*ing, and re-launches in 1988 of* its motor and household insurance policies as MotorStar and HomeStar.

In response to one of Eagle Star's weaknesses – its near total reliance on independent brokers for UK life assurance sales – Mr Heath is working on a niche marketing project called Silver Eagle, aimed at building a sales force of people aged more than 55 to sell specifically to the elderly.

The trouble is that, as yet, the numbers are not stacking up to prove conclusively that BAT has done more than merely halt what might have been a terminal decline for Eagle Star if the Mountains had stayed at the helm.

Figures from its 1988 annual return to the Department of Trade and Industry show that its UK sales of new annual premium life policies, such as traditional endowment policies, have been growing at a compound annual rate of only 7.6 per cent since 1985, compared with an industry average of 22.5 per cent.

Sales of single premium policies have handsomely outpaced industry averages, but growth in Eagle Star's own pre-tax earnings from life assurance has slowed from a compound annual rate of 18.2 per cent for the period 1979 to 1983 to 14.9 per cent for 1984 to 1988.

This decline though may simply be a function of the weird ways of traditional insurance accounting, which depresses reported profits when sales have heen booming. A much less ambiguous measure is tbe underwrlting results which on its non-life side are still poor by the standards of its peer companies.

Since January 1984, its cnmulative underwriting losses have totalled £631m on premiums of £5.01bn. During that time it was the worst performer among the six leading UK composites in three of the last five years – 1985, 1986 and 1987 – and second-worst in the other two.

The reason lies in the continuing undertow of losses from UK liability business, accounting in 1988 for £138m of Eagle Star's £920m of UK non-life premiums. And this problem cannot be expected to ease dramatically.

*The company has been prun*ing and refining its UK employers' liability book, and in *1988* it got good rate increases, according to Mr Butt. However, he added thet they have slowed to about 2 or 3 per cent this year.

Mr Butt's argument though is that it is still too early to expect to see a dramatic uplift in Eagle Star's results. "If you only take a snapshot of something that is evolving, you won't see the full picture," he said.

What he stresses is Eagle Star's role as BAT's flagship for its planned expansion into European insurance and financial services. He argues that its liability insurance expertise could be invaluable in the imminent liberalised European Community-wide single market for "big risk" insurance.

The thinking is that tbe existing operations in France, Spain, the Netherlands, Belgium, Greece and Portugal are too small to represent a solution to building a continental presence, leaving it committed to making a sizeable acquisition early in the 1990s.

"We have e constant flow of merchant bankers offering us deals," said Mr Butt. "So far we've looked at more than 50 companies, of which about half e dozen we looked at seriously."

Nick Bunker

Allied Dunbar prospers under 'yoke' of planning disciplines

WHEN Mr Jacob Rothschild cited Allied Dunbar as a business fretting under what he called BAT's "unhappy ynke", he picked the wrong company.

At the Swindon, Wiltshire, headquarters of the UK's largest unit-linked life insurer, the reaction was bewilderment. "I haven't a clue what be was driving at," says Mr Mike Wilson, Allied Dunbar's 45-year-old chief executive and a BAT main board director. "If a yoke means proper planning, then the yoke has done us good."

BAT bought Allied Dunbar for £664m in December 1984, after a rapid courtship of Sir Mark Weinberg, the mercurial Sonth African lawyer who founded it in 1971 as Hambro Life. The record shows no evidence that the tobacco-based multinational has suffocated it with bureaucracy.

As a unit-linked life insurer, living off a royalty on its policyholders' money, Allied Dunbar reckons the best measure of its growth is the new initial commissions of its 5,290 self-employed salesmen. From 1981 to 1984, Allied Dunbar's new initial commissions grew at a compound annual rate of 11 per cent. Since 1985, on the back of a 70 per cent expansion in the sales force, new initial commissions have risen 19 per cent, and in 1988 *Allied Dunbar* sold new life and pensions policies and investment products worth £563m in premiums.

If there are criticisms of BAT's strategy, they are subtly different from Mr Rothschild's.

First, Allied Dunbar is a company wbose market share has inevitably come under pressure as more traditional life insurers have started waking up. Mr Andrew Crean, of Laing & Cruickshank, reckons that although Allied Dunbar's total premium income grew from £452m in 1983 to £622m in 1987, its UK life market share fell from 4.1 per cent to 2.9 per cent.

Second, when BAT bought Allied Dunbar, it paid a full price for a good business. It has to fight harder in a highly competitive life assurance market, but lt is difficult to see how e tobacco-based multinational could think of solutions Allied Dunbar's managers would not have thought of themselves.

The real challenge Allied Dunbar has faced since 1984, according to its executives, was to revive growth in its sales force. Standing at 3,300 in 1981, it had slipped to 3,090 by 1984, falling victim to the high staff turnover rates which plague life sales forces.

One sohution – Sir Mark's 1984 idea of forming a financial services supermarket by merging with Mr Rothschild's Charterhouse J Rothschild group – was aborted because of likely opposition from the stock market. The real answer was simpler: a reorganisation in 1985 of the way Allied Dunbar paid the district managers who recruit and motivate the sales force.

"Under the old system, the manager got 18 per cent of each salesman's commissions," says Mr Wilson. "Now, they get 18 per cent of the first £36,000 – then nothing else, unless they hit targets." This system means Allied Dunbar is now confident of meeting its corporate objective of 10 per cent per annum real sales growth.

But, Mr Wilson concedes, BAT played little part in this change. *Nor has Allied Dunbar* needed BAT's financial help. In their early years life insurers need backers with deep pockets to pay for heavy initial spending. "On our first day we spent 40 per cent of our capital on computers," says Mr Sandy Leitch, Allied Dunbar's deputy managing director, responsible for its widely respected back-office administration.

By 1985 bnwever, the company was self-supporting. It plans to invest £28.5m over the next five years developing a start-up life company in Spain, and is spending £18m on a new residential training centre for its UK sales force. But, says Mr Wilson, Allied Dunbar can finance this itself.

If Allied Dunbar has not needed BAT's capital, neither has it found much opportunity for co-operation yet with Eagle Star or Farmers Group, though Mr Wilson has dinner "about six times a year" with Mr Michael Butt of Eagle Star, and managers from the three insurers have attended a joint financial services course.

In the UK there has been no attempt to pool back-offices. Allied Dunbar's head office and administration centre occupies 500,000 sq ft of prime M4 corridor office space in Swindon, while Eagle Star's life assurance division has 1,500 people in an office block in Cheltenham.

Does this represent a wasted opportunity for economies of scale? According to Mr Leitch, in theory the two companies could run from a single data processing centre, but "there'd be big obvious problems of managerial accountability. Which company would the centre answer to?"

Mr Wilson says BAT has added a planning backbone to Allied Dunbar. The life insurer has always been marketing-driven; top salesmen are still given the chief executive's private telephone number. Its annual sales convention at Wembley is part of insurance folklore. But, says Mr Wilson, "before BAT, we weren't really planning ahead."

Allied Dunbar had no management succession plans, no *formal strategy* and no five year business plan. Under BAT, it must produce a succession plan every September and the five-year business plan in January. This June, too, BAT raised five strategic issues it wants Allied Dunbar to address.

The planning process – plus a requirement for capital expenditure of above £4m to be referred to BAT – has been invaluable, says Mr Wilson. "One big success we've had is the smooth transition from the old guard – including Sir Mark – to the new," be argues. What lingers, though, is the suspicion that bringing in planning disciplines was a one-off benefit to which BAT may not have much more to add.

Nick Bunker

Convincing investors of a bright future

FT reporters question Patrick Sheehy on BAT's defence document

Q: THE defence document indicates that you are eware of the "valuation" problem – the gap between BAT's share price and the underlying value of the gronp. Is some sort of financial restructuring on the list of possibilities ?

Sheehy: Obviously we have to look at that, but it's a longer-term alternative. There's a terribly complex structure to the group. People think that you could just hive off this or do that, but it is not like that withont really severe tax or other problems. It is not an easy subject. I think what we need to look to is more straightforward solutions.

Q: But won't BAT have to offer something fairly concrete before shareholders' worries over a slump in their investments if Hoylake goes away are assuaged ?

Sheehy: That could be. I think it would be fair to say tbat the position would be more reassuring for them than if they didn't having something fairly concrete.

Q: So does the extent tn which BAT responses on this score depend on how serious Hoylake's offer becomes ?

Sheehy: Clearly, onr response may have to depend on that, yes. But that's not the prime objective. What we're after is demonstrating to shareholders that the prospects for BAT, and the kind of growth which they've had in their total investment return over the last few years, is there for the future. I'm very confident that it is. If we can continue to increase dividends at the rate that we have – in fact, this year, it's obviously going to be an increasing rate – then I believe this will be reflected in the value of the stock

Q: Does that imply a possible reduction in cover ?

Sheehy: We have actually reduced the earnings cover. One of our problems when people cite our high cover, is that a lot of that cover has been located in places where it is not easily remittable.

I think, as you'll see from the defence document, the proportion of our earnings from the developed countries has been going up. So there has been scope for decreasing the cover. And there's clearly scope for that to continue.

Q: What about the suggestions that you might add a third leg to insurance?

Sheehy: That wasn't very concrete and certainly we weren't expected to do anything in 1989, or even 1990. We said that we expected to digest Farmers and restore our balance sheet and then, longer-term, to have a bigger presence in the insurance business in Europe. But we weren't going to pay silly prices.

Q: Talking to institutions, have any reservations been expressed abont a further move into financial services ?

Sheehy: No. They just said: "We haven't come here to criticise your performance, bnt we're surprised thet yon have become vulnerable. We now realise there was an undervalued situation and that is a situation which you've got to address. It's your problem - we can't tell you what to do. But it could be our problem if you don't address it."

Q: Nevertheless, expansion into financial services has been an area of some criticism - for example, over the prices paid.

Sheehy: Well, people say the prices paid. They said that when we bought Eagle Star, but Eagle Star is now worth over £2bn. When we bought it, we paid something like 700p a share and there was nearly 900p a share value in the business. We didn't overpay.

On Farmers, people say the same, because we upped our offer from $63 to $75. But nobody thought we were going to get it at $63. And bear in mind that when we paid $75, it was one year later - and Farmers had another year's profits under its belt. To pay $75 and have no dilution in the first year, I don't think thet means we're overpaying.

Q: You make some play of BAT's disposal record in the defence document. Why

Sheehy: There's a sense that we are rather rigid, that we have an empire and only wish to add to it. We wanted to show that this is a dynamic organisation, that its shape has changed and that we're not afraid of facing the fact that it may have to change in future.

Q: Does that imply further sizeable disposals ?

Sheehy: Looking around BAT, well, you can clearly see VG Instruments isn't a long-term part of the group. Clearly, plastic car parts in Germany isn't part of our strategy, but there's not much in size – and there's the right time to sell a business. We're not into fire sales.

Q: What about Sir James' suggestion of a meeting, and the possible implication that this might allow cash to be put on the table ?

Sheehy: I don't believo there is any duty to meet him. Our responsibility to the shareholders is to let them know the advantages of staying with BAT – because I don't think there is a sensible price that you can put on the group that values our prospects.

HongkongBank

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

1989 Interim Report

The Directors announce that the unaudited profit for the six months ended 30 June 1989 attributable to the shareholders of the Bank was HK$1,930 million (1988: HK$1,674 million), an increase of 15.3 *per cent*. The profit was arrived at after providing for taxation and after making transfers to inner reserves.

The Directors have declared an interim dividend of HK$0.14 per share (1988: HK$0.12 adjusted), an increase in distribution per share of 16.7 *per cent*. The dividend will be payable on 2 October 1989 to shareholders whose names are on the Register of Shareholders on 30 September 1989. It will be payable in cash, with a scrip alternative, in accordance with arrangements previously announced.

In Hong Kong the economy grew at a slower pace during the first half. Export growth was more restrained and the trade gap widened. The blow to confidence caused by events in China in early June accelerated a correction in the already overheated property market and led to a temporary but sharp drop in the stock market. The HK dollar remained stable against the US dollar however and the banking sector continued to benefit from strong loan demand.

In general the Asian economies enjoyed continued growth and this was reflected in good results from most of the Bank's branches in the region. In the Middle East there was a marked improvement in the performance both of The British Bank of the Middle East and that of its associate, The Saudi British Bank. In North America, Marine Midland Bank reported an improved result and the profit of Hongkong Bank of Canada showed an encouraging increase. The need to make loan provisions adversely affected the results of HongkongBank of Australia but most other Group subsidiary and associated companies performed better than expected.

In the capital markets businesses the results of Wardley, the Group's merchant banking arm, showed a steady improvement and the CM&M Group returned to profit. The James Capel Group reported a small operating profit but exceptional items, mainly provisions for re-organisation costs associated with the expense reduction exercise announced at the end of June, resulted in an overall loss for the first half.

The partnership with Midland Bank continues to bring benefits to both banks through increased business referrals and enhanced co-operation in several areas. Midland Bank, in common with the other UK clearing banks, recently announced a significant increase in its provisions for LDC debt. This resulted in Midland Bank reporting a loss for the first half but its willingness to make these provisions has been generally well received and its capital ratios remain strong. With the recent interim dividend increase of 7 *per cent*, the yield on our investment in Midland Bank continues to improve.

In April the Bank announced the signing of an international co-operation agreement with Wells Fargo Bank, the effect of which will be to provide a major opportunity for both banks to develop trade finance and other international business together in the Pacific Rim.

The Directors propose certain steps to modernise the statutory framework of the Bank, the outline of which has remained substantially unchanged since the 1860s. The Bank is the only listed company in Hong Kong incorporated under its own ordinance rather than the Companies Ordinance and is therefore unique among listed Hong Kong companies in not being subject to the Companies Ordinance except to a very limited extent. This has come to be regarded as an historical anomaly, is out of step with up to date practices, and has from time to time led to suggestions that the Bank enjoys a privileged position. The Directors therefore consider that it would be appropriate for the Companies Ordinance to apply to the Bank. It is also proposed to amend certain of the Bank's Regulations to take account of current law and practice. The proposals do not change the Bank in any way except by making it subject to the Companies Ordinance as well as the Bank's own Ordinance. The assets, liabilities and business of the Bank will not be affected; the domicile and location of its head office remain unchanged.

Details of these proposals will be sent to shareholders shortly and an Extraordinary General Meeting of the Bank is being convened for 19 September 1989, when the appropriate resolutions will be put before shareholders.

With some signs of a slow-down in the world economy, the outlook for the second half of the year is at present uncertain. There are, nevertheless, grounds for cautious optimism and your Directors expect that they will be able to recommend a final dividend for 1989 of not less than HK$0.28 per share, equivalent to an increase of 16.7 *per cent* in the dividend per share distribution over 1988.

Consolidated profit and loss account (unaudited)

6 months to 30 June 1988 HK$m		*6 months to 30 June 1989* HK$m	£m	US$m
1,737	Profit of the Bank and its subsidiary companies	2,024	167	259
146	Share of profits of associated companies	139	12	18
1,883		2,163	179	277
(209)	Profit attributable to minority interests	(233)	(19)	(30)
1,674	Profit attributable to the shareholders of the Bank	1,930	160	247
3,912	Retained profits brought forward	5,221	432	670
7	Exchange adjustments	113	9	15
(206)	Transfers to reserve fund	(614)	(51)	(79)
(679)	Interim dividend	(812)	(67)	(104)
4,706	Retained profits carried forward	5,838	483	749
HK$0.29 (adjusted)	Earnings per share	HK$0.33	£0.03	US$0.04
HK$0.12 (adjusted)	Dividend per share	HK$0.14	£0.01	US$0.02

Consolidated balance sheet

31 December 1988 (audited) HK$m		*30 June 1989 (unaudited)* HK$m	£m	US$m
	ASSETS			
233,961	Cash and short-term funds	242,262	20,033	31,071
70,526	Placings with banks maturing between one and twelve months	87,407	7,228	11,210
35,361	Trade bills and certificates of deposit	39,309	3,251	5,042
26,674	Hong Kong Government certificates of indebtedness	28,694	2,373	3,680
37,969	Investments	42,044	3,477	5,392
456,642	Advances to customers and other accounts	506,802	41,909	65,000
861,133		946,518	78,271	121,395
1,946	Investments in associated companies	2,026	167	260
20,632	Premises and equipment	20,879	1,726	2,678
883,711		969,423	80,164	124,333
	LIABILITIES			
26,734	Hong Kong currency notes in circulation	28,754	2,378	3,688
795,635	Current, deposit and other accounts	878,405	72,638	112,660
1,415	Dividend payable	812	67	104
823,784		907,971	75,083	116,452
	CAPITAL RESOURCES			
20,757	Loan capital and preference shares	20,501	1,695	2,629
3,240	Minority interests	3,385	280	454
13,102	Share capital	14,493	1,198	1,859
22,828	Reserves	23,073	1,908	2,959
35,930	Shareholders' funds	37,566	3,106	4,818
59,927		61,452	5,081	7,881
883,711		969,423	80,164	124,333

Closing of Register of Shareholders

The Register of Shareholders will be closed from 18 September until 30 September 1989 (both dates inclusive). In order to qualify for the interim dividend, all transfers (accompanied by the relevant share certificates) must be lodged with the Registrars not later than 4.00 pm on 14 September 1989.

Directors' Interests

At 30 June 1989 Directors and their associates had the following beneficial interests in the shares of the Bank.

J R H Bond	55,672	Sir Kit McMahon	5,500
J A Brooks	4,000	C W Newton	6,742
D E Connolly	534,523	W Purves	95,310
F R Frame	71,772	N M S Rich	13,200
R R Frederick	28,160	H Sohmen	1,519,603
J M Gray	49,139	J E Strickland	45,223
D G Jaques	59,024	J J Swaine	795
N R Knox	27,900	J C C Tang	36,300
H C Lee	55,832	G A Thompson	95,100
K S Li	1,853,187	P J Wrangham	127,611

As Directors of Marine Midland Bank, N.A., J R H Bond, F R Frame, R R Frederick, N R Knox, W Purves and G A Thompson each had a beneficial interest in 10 shares of common stock of that Company. As directors of HKBG Holdings Limited, B H Asher, J R H Bond, F R Frame, J M Gray and D G Jaques each had a non-beneficial interest in one B share in that Company.

By Order of the Board
R G Barber
Secretary

Hong Kong, 22 August 1989

The Hongkong and Shanghai Banking Corporation

incorporated in Hong Kong with limited liability
Group Head Office: 1 Queen's Road Central, Hong Kong

Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the shareholders of the Bank will be held on Level 18, 1 Queen's Road Central, Hong Kong, at 3.00 pm on Tuesday 19 September 1989 for the purpose of considering and, if thought fit, approving the following resolutions, of which resolution No. 1 will be proposed as an ordinary resolution and resolution No. 2 as a special resolution:

1. That this meeting hereby approves and assents to the registration of the Bank under the Companies Ordinance (Cap.32 of the Laws of Hong Kong) pursuant to Section 310 and other provisions of Part IX of the said Ordinance and the board is hereby authorised to take, do and execute, or procure that there be taken, done or executed, all such actions, things and documents as it may consider necessary or desirable in order to effect such registration.
2. That in accordance with the provisions of Section 4 (2) of The Hongkong and Shanghai Banking Corporation Ordinance, The Hongkong and Shanghai Bank Regulations be amended in the manner specified in the Schedule to the letter to shareholders dated 22 August 1989, a copy of which is submitted to this meeting and signed by the Chairman for purposes of identification.

By Order of the Board
R G Barber
Secretary

Hong Kong, 22 August 1989

NOTES

(1) Any shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a shareholder of the Bank.

(2) In the case of joint registered holders of any such share, that one of the joint holders present at the meeting in person or by proxy whose name stands first on the shareholders register in respect of such share shall alone be entitled to vote in respect thereof.

(3) In order to be valid, the instrument appointing a proxy and the power of attorney (if any) under which it is signed must be deposited at the head office of the Bank not less than forty-eight hours before the time for holding the meeting (or any adjourned meeting or poll).

The following is the schedule referred to in resolution No. 2 above:

The Schedule

The following amendments are proposed to be made to The Hongkong and Shanghai Bank Regulations. A brief explanation of certain of the proposed amendments is given in the italicised text.

Regulation 1 – Interpretation

Add the following sentence after the existing wording:

"References in the regulations to the "Companies Ordinance" shall mean the Companies Ordinance (Chapter 32 of the laws of Hong Kong) and any amendments thereto or re-enactment thereof for the time being in force."

This adds a definition of the Companies Ordinance, as reference is made to that Ordinance in certain of the amendments specified below.

Regulation 8 – Provision of houses and offices

Delete the words ", servants or clerks" and replace them with "or employees".

This amendment, along with certain of the amendments below, is to modernise and standardise wording relating to employees of the bank.

Regulation 9 – Issue of new shares

(i) Delete paragraphs (2) and (3) in their entirety and replace them with the following paragraphs:

"(2) Subject to the provisions of the Companies Ordinance relating to authority or otherwise and of any directions which may be given by the bank in general meeting, all unissued shares shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them (including the issue of warrants to subscribe for them) to such persons, at such times, for such consideration and generally on such terms as the board may think proper.

(3) Without prejudice to any special rights previously conferred on any existing shares, any shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the bank in general meeting may from time to time direct or, if no direction be given, as the board may determine."

(ii) Add the following new paragraph (5):

"(5) The bank may exercise all powers of paying commissions conferred by the Companies Ordinance to the extent thereby permitted. Subject to the provisions of the Companies Ordinance, such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The bank may also on any issue of shares pay such brokerage as may be lawful."

(iii) Delete the existing marginal notes to paragraphs (2) and (3) and replace them with (in the case of paragraph (2)) the words "issue of new shares" and (in the case of paragraph (3)) the words "rights or restrictions". Insert as a marginal note to paragraph (5) the word "commissions".

These amendments will bring the provisions relating to the issue of new shares in line with modern practice. It gives the board power to dispose of new shares and to determine the terms of their issue and any rights or restrictions to be attached thereto, subject to any directions by the shareholders in general meeting.

Regulation 47 – Period during which registers may be closed

Delete all the words which follow "may be closed" and add ", and the registration of transfers relevant thereto suspended, at such times and for such periods as the board may from time to time determine, provided that the shareholders registers shall not be closed and such registration shall not be suspended for more than 30 days in any year or, with the approval of shareholders in general meeting, 60 days in any year. Any such closing shall be notified once at least by advertisement in one leading English language daily newspaper printed and circulating in the place where such closing takes place (and in Hong Kong also in one leading Chinese language daily newspaper)."

This amendment makes it clear that registration of transfers will be suspended when the shareholders registers are closed. The existing maximum period for closure is 40 days, but this amendment will make the maximum period conform with the Companies Ordinance provisions.

Regulation 53 – Form of transfer of shares

Add at the end of paragraph (1) the words "provided that the board may waive the requirement for execution by or on behalf of the transferee in such circumstances or in such cases, and subject to such terms and conditions, as the board may in its discretion think fit".

This amendment gives the board discretion to waive the requirement for execution of an instrument of transfer by or on behalf of a transferee. This should, for example, enable settlement procedures to be simplified in respect of transactions in the bank's shares on The Stock Exchange, London, which has an automated settlement system.

Regulation 64 – Quorum for shareholders meetings

Delete the words "personally present" and replace them with the words "present in person or by proxy".

The quorum for shareholders meetings is 30 members. At present the regulation provides that such members must be personally present. This amendment, which is more in line with modern practice, provides that such members may be present in person or by proxy.

Regulation 67 – Adjournment of general meeting

Delete the existing regulation in its entirety and replace it with the following:

"67. The chairman of a general meeting may, with the consent of a meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time (or *sine die*) and from place to place. Where a meeting is adjourned *sine die* the time and place for the adjourned meeting shall be fixed by the board. Whenever a meeting is adjourned for twenty-eight days or more or *sine die*, at least seven days' notice specifying the place, the day, and the hour of the adjourned meeting and the general nature of the business to be transacted shall be given in the same manner as in the case of an original meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place."

This amendment is consistent with modern practice and clarifies the position regarding notice of an adjourned meeting.

Regulations 68 and 69 – Passing of resolutions at general meetings

(i) In the first sentence of regulation 68, delete the words "be decided in the first instance by" and replace them with the words "in the first instance be put to the meeting on".

(ii) Delete the existing regulation 69 in its entirety and replace it with the following:

"69. At any general meeting a resolution put to the vote shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) duly demanded. Subject to the provisions of the Companies Ordinance, a poll may be demanded:

(a) by the chairman; or

(b) by at least five shareholders present in person or by proxy; or

(c) by any shareholder or shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or

(d) by a shareholder or shareholders holding shares in the bank conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the bank shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution."

At present regulation 69 provides that a poll may be demanded either by the chairman or at least one-fifth in number of the shareholders present in person or by proxy and entitled to vote at the relevant meeting. This is inconsistent with the provisions of the Companies Ordinance, which require that a poll may be demanded by the persons specified in sub-paragraphs (b)-(d) of the amended regulation set out above. These amendments make the regulation consistent with such provisions and make it clear a resolution will be decided on a show of hands unless a poll is demanded.

Regulation 75 – Votes on a poll

Delete the existing regulation in its entirety and replace it with the following:

"On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way."

This amendment, which conforms with modern practice, clarifies that it is only on a poll that votes may be given by proxy and also that on a poll a person can use his votes in different ways.

Regulation 77 – Instrument of proxy

Delete the word "Bank" and replace it with the word "bank".

This is a typographical correction.

Regulation 81 – Restrictions on voting

Delete all the words which follow, and replace the comma with a full stop after, the words "or in respect of which such person may be entitled to vote".

This amendment removes the restriction on a person attending or voting at any general meeting in respect of any shares acquired by transfer unless he has been registered in respect of such shares for at least three months prior to the meeting. Such a restriction is out of keeping with modern practice.

Regulation 81A – Non-compliance with statutory notice

(i) Add as a new regulation to follow regulation 81:

"81A. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice (in this regulation called a "statutory notice") given by the bank under section 18 of the Securities (Disclosure of Interests) Ordinance 1988, then not earlier than 28 days after service of the statutory notice the bank may give to such registered holder a notice in writing (in this regulation called a "disenfranchisement notice") stating that such shares shall with effect from the service of the disenfranchisement notice confer on him no right to attend or vote at, or exercise any other right conferred by membership in relation to, any general meeting or any class meeting. The bank may at any time withdraw a disenfranchisement notice by serving on the registered holder of the shares to which the same relates a notice in writing to that effect (in this regulation called a "withdrawal notice"), and a disenfranchisement notice shall be deemed to have been withdrawn when the statutory notice has been complied with in respect of all the shares to which the disenfranchisement notice related. Unless and until a withdrawal notice is duly served in relation thereto or a disenfranchisement notice in relation thereto is deemed to have been withdrawn or the shares to which a disenfranchisement notice relates are registered in the name of some person other than the registered holder on whom the disenfranchisement notice was served, none of the shares to which a disenfranchisement notice relates shall confer on the holder or holders thereof any right to attend or vote at, or exercise any other right conferred by membership in relation to, such general meeting or class meeting as aforesaid. For the purpose of this regulation a person shall be treated as appearing to be interested in any shares if the registered holder of such shares has given to the bank a notification under the said section 18 which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and if (after taking into account the said notification and any other relevant section 18 notification) the board knows or has reasonable cause to believe that the person in question is or may be interested in the shares. Nothing contained in this regulation shall limit the rights or remedies of the bank under these regulations, the Securities (Disclosure of Interests) Ordinance 1988 or otherwise."

(ii) Insert as a marginal note the words "Suspension of voting rights where non-disclosure of interests."

This new regulation will mean that, following the Securities (Disclosure of Interests) Ordinance 1988 coming into force (which is expected to be later this year), any person who fails to comply with a statutory notice given by the bank under section 18 of that Ordinance may be served with a disenfranchisement notice, following which the holder of the shares concerned will not be entitled to attend or vote at any general meeting until compliance is made. This regulation is similar to provisions commonly included in the articles of association of public companies in the United Kingdom, which has legislation identical in most respects with the above-mentioned Ordinance.

Regulation 85 – Vacancies on the board

Delete the words "other than that of retirement by rotation," and add the following sentence after the existing wording:

"Any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the directors who are to retire by rotation at such meeting."

These amendments provide that the board may fill any vacancy on the board, whatever the reason for the vacancy, and clarify the position regarding re-election of a director who is appointed by the board.

Regulation 89 – Vacation of office of director

Delete the existing sub-paragraph (e) in its entirety and replace it with the following:

"(e) if he resigns his office by notice in writing to the bank delivered to its head office;".

Add at the end of sub-paragraph (h) the words:

"; for this purpose special notice has the meaning ascribed thereto in the Companies Ordinance".

The first amendment removes the need for one month's notice of resignation as director, which will bring it in line with modern practice. The second amendment clarifies the meaning of special notice in relation to the provision regarding re-election of a director who reaches the age of 65.

Regulation 92 – Directors retiring by rotation

In the last sentence delete the word "earlier" and replace it with "later".

This amendment means that for the purpose of determining which directors are to retire by rotation the length of time a director has been in office is computed by reference to which is the later of his last election or his appointment.

Regulation 93 – General meeting filling vacancies on the board

Delete the existing regulation in its entirety and replace it with the following:

"93. The shareholders at the meeting at which a director retires in manner aforesaid may fill the vacated office by electing thereto the retiring director or some other person eligible for appointment and in default the retiring director shall if offering himself for re-election be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such director shall have been put to the meeting and lost. The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring director who is re-elected or deemed to have been re-elected will continue in office without a break."

This amendment provides that a general meeting at which directors retire by rotation may fill the vacancies, but is not obliged to do so as at present. This amendment is in line with modern practice.

Regulation 96 – Removal of director by special resolution

Delete the second sentence.

The second sentence provides that a person appointed by general meeting to replace a director removed by special resolution should hold office only as long as the director removed would have held office, a provision which is out of keeping with modern practice.

Regulation 109 – Specific powers of board

In paragraph (6) add the words "other officers or any" before the words "other employees". In paragraph (7) delete the words "sub-accountants, compradors, shroffs, officers, clerks and servants" and replace them with "or other officers or any other employees". In paragraphs (9) and (10) delete the word "servants" and replace it with "employees".

The amendments are intended to modernise and standardise wording relating to officers and employees of the bank.

Regulation 121(1A)

Delete the word "Bank" and replace it with the word "bank".

This is a typographical correction.

Regulation 122 – Capitalization of profits

Add after the words "the bank's reserve fund or funds" the words "or profit and loss account or any sum or sums of money standing to the credit of the bank's share premium account".

This amendment clarifies that any reserve of the bank, including the share premium account, may be capitalized.

Regulation 126 – Payment of dividends

Add after the words "out of the profits of the bank" the words "(whether standing to the credit of the bank's reserve fund or funds, profit and loss account or otherwise available for distribution)".

This regulation provides that dividends may only be paid out of profits of the bank. This amendment clarifies the meaning of profit for this purpose.

Regulation 132A – Scrip dividends

In paragraph (4) delete the words "after a date fixed by the board (being not earlier than twenty-eight days before the record date for the relevant dividend)" and replace it with the words "after such date as the board may fix".

Add the following as a new paragraph (6):

"(6) Notwithstanding the foregoing provisions, if at any time after the announcement of the board's proposal to apply the provisions of paragraph (1) of this regulation in relation to any dividend but prior to the allotment of shares pursuant thereto, the board shall consider that by reason of any event or circumstance arising after such announcement it is no longer expedient or appropriate to implement that proposal, the board may at its discretion cancel the proposed application of paragraph (1) of this regulation."

The first amendment removes the time limit in relation to the fixing of a date by the board for the registration of transfers prior to a record date, which has proved inconvenient in practice. The second amendment gives the board power to cancel a proposed scrip dividend (so that the whole of the dividend would become payable in cash) if events or circumstances arise after the initial announcement of such proposal which in the board's view make it inexpedient or inappropriate to proceed with the proposal.

Regulation 150 – Publication of yearly statements

Delete the existing regulation in its entirety and replace it with the following:

"150. The board shall, not later than six months after the close of any financial year, cause to be published in at least one leading English language daily newspaper and one leading Chinese language daily newspaper printed and circulating in Hong Kong:

(a) copies of the audited balance sheet for the year, and any notes thereon, the profit and loss account and the auditors' report made pursuant to the Companies Ordinance;

(b) the full names of all persons who are for the time being directors, general managers of secretary of the bank; and

(c) the names of all subsidiaries for the time being of the bank

and shall thereafter exhibit them throughout the year in a conspicuous place in the head office of the bank and each local branch in Hong Kong, together with a copy of the directors' report laid before the bank in general meeting."

This amendment replaces the existing somewhat archaic requirements relating to the preparation and publication of yearly statements by requirements which are in line with section 60 of the Banking Ordinance.

Regulation 158 – Indemnity of directors, officers etc.

In the first paragraph of the regulation, delete the word "Every" and replace it with the words "Subject to the provisions of the Companies Ordinance, every" and delete the word "European". In the second paragraph of the regulation, delete the word "No" and replace it with the words "Subject to the provisions of the Companies Ordinance, no".

These amendments provide that any right of indemnity, or exclusion from liability, granted to directors or officers under this regulation will be subject to the provisions of the Companies Ordinance and also make it clear that the provisions of the regulation extend to all officers whatever their ethnic background or nationality.

Appendix 1 – Form of share certificate

Delete "$25" and replace it with "$2.50".

This reflects the current nominal amount of the bank's shares.

Appendix 3 – Form of proxy

Delete the word "ordinary" and replace it with "annual".

NOTE: *Copies of the Bank Regulations in their existing form will be available for inspection during normal business hours on weekdays and (in Hong Kong) on Saturdays from 22 August 1989 to 19 September 1989 (both dates inclusive) at:*

(a) *The Hongkong and Shanghai Banking Corporation*
1 Queen's Road Central
Hong Kong

(b) *The Hongkong and Shanghai Banking Corporation*
99 Bishopsgate
London EC2P 2LA
United Kingdom

(c) *Central Registration Hong Kong Limited*
Hopewell Centre
17th Floor
183 Queen's Road East
Hong Kong

COMMODITIES AND AGRICULTURE

Australia loses patience with Saudi sheep 'actions'

By Chris Sherwell in Sydney

AUSTRALIA YESTERDAY auspended its live obeep exports to Saudi Arabia as a result of "unwarranted quarantina rejections" of five cargoes in a month.

The suspension, ordered by the Australian Meat and Livestock Corporation, was described as temporary, and received the full backing of Mr John Kerin, the Minister of Primary Industries and Energy.

The decision, Mr Kerin said, reflected a recommendation from an Australian delegation which had visited Saudi Arabia, and "took into account its advice that talks over the weekend in Riyedh had not produced a basis for the trade to return to normality."

Australia's live sheep trade with Middie Eastern countries is wortb around A$250m (£120m) in export earnings per year, of which about half comes from Saudi Arabia. An estimated 7m sbeep ara involved.

"Australian livestock producers derive significant commercial advantages in many overseas markets from Australia's high reputation for quality and freedom from disease," Mr Kerin said in a statement. They could not allow this to be put at risk "by further unjustified actions by Saudi Arabian veterinary officials."

He said his government was disappointed that recent afforts to establisb a long-term basis for the trade had not resolved the issues, but "all appropriate steps" would be taken with the Riyadh Government to bring a resolution.

The five cargoeo hava involved 294,000 sheep. The first two shipments were suspected of baving blue tongue disease, the other three were said to show signs of sheep pox. The obeep were subseqoently given a clean bill of health at other Gulf ports.

Mr Kerin said the Australian delegation was visiting other Gulf states to ensure that the live sheep trade with them was "kept on a stable basis." He added that the delegation was remainiog on otand-by to return to Riyadh.

Finn Barre writes from Riyadh: Diplomats here suspect the Sandis are trying to protect their own sheep producers, wbo have been faced with higher prodnction costs than usual because of a summar dronght. Furtbermore, efforts to boost domestic production were being undercut by tbe Australian animals, whicb are the least expensive on the market. Most are older animals that have been shorn by their owners for wool.

Aluminium mystery explained

By Kenneth Gooding, Mining Correspondent

THE MYSTERY of the big fall in the London Metal Exchange's aluminium stocks seems at last to have been solved.

In tbe past month LME stocks bave fallan by more than 45,000 tonnes – including 15,600 tonnes to 102,750 last week – and this has firmed aluminium prices which previously had been sagging.

After the first sharp drop in stocks, traders suggested tbe metal had been taken by Marc Rich, the Switzerland-based commodities bouse. But this was denied by Rich which said it had been conducting only "business as usual."

Now an official with the Brazilian Association of Aluminium (Albras) has suggested the LME stock position reflects a delay in sbipments of tbe metal from Brazil.

He told Reuter that Albras was in dispute with the Bank of Brazil's trade department, Cacex, abont the metal's pricing. Tha dispute has prevented about 42,000 tonnes of aluminium leaving Brazil in June and August, the official said.

Albras is 51 per cent owned by Companhia Vale do Rio Doce (CVRD) and 49 per cent by Nippon Amazoo Aluminium Company of Japan. The Albras official said that usually 14,000 tonnes of aluminium a month is shipped hy Albras to Japan.

Cadmium 'hit by manipulation'

By Kenneth Gooding, Mining Correspondent

THE FREE market price of cadmium has fallen back to a level not seen since November 1987, but producers *maintain* this is mainly tbe result of manipulation by several European merchants.

"It is not possible to huy cadmium at the low prices quoted," said an official at one leading producer yesterday. "Demand for cadmium this year is better than it was in 1988, he insisted."

Cadmium consumption reached a record for the third successive year in 1988 at 18,060 tonnes.

This contradicts tbe merchants wbo suggest that the weakness in tbe price of cadmium is because of diminisbed demand from tbe nickel-cadmium battery producers.

Re-chargeable nickel-cadmium batteries account for nearly balf of cadmlum demand and are used in a wide variety of portable consumer goods such as computers, telephones and video recorders.

The cadmium price jumped to a record $9.35 a lb on the *free market last year* but has recently been quoted as low as $2.75.

Merchants snggest their activity has only emphasised a trend which has been apparent since the nickel-cadmium battery producers started to delay purchases because of a drop in demand for their products. But the producers insist they have not seen any fall in demand.

WEEKLY METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per *tonne*, in warehouse, 1,675-1,740 (1,690-1,760).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warebouse, 3.90-4.00 (4.05-4.50).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 3.00-3.80 (3.95-4.30).

COBALT: European market, 99.5 per cent, $ per lb, in warehouse, 7.30-7.55 (7.35-7.55).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 230-235 (230-245).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.25-3.30 (3.30-3.38).

SELENIUM: European free market, min 99.5 per cent. $ per lh, in warehouse, 4.40-5.40 (4.50-5.40).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 48-62 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb VO, cif, 5.20-5.50 (5.35-5.60).

URANIUM: Nuexco exchange value, $ per lb, UO, 9.80 (same).

Eucalyptus planting causes pain in Spain

Peter Bruce explains why the vast alien forests are upsetting the local population

IT WAS A dark and stormy nigbt. The 300 or so inhabitants of a tiny fishing village on the Bay of Biscay crept out of their homes and swept up ooto the hill that flanks it to the right. Tough young fishermen, pensioners and babies. Almost everyone did it.

When they got to the hill, each of then knew what to do. Their targets were 50,000 omall, silvery leaved eucalyptus saplings just planted by an Asturian entrepreneur on his 10 hectare holding above the village. By the end of the night, not one tree bad survived. "It was hard work pulling them out," remembero Jorge, a brawny mustachioed fisherman. "The ground around tha trees was hard."

That was last September. The plantation owner quickly replanted the holding and in February this year the villages crept ont of tbeir homes and tore them all out again. The planter appealed to the authorities for belp and for a while tbe plantation was being guarded round the clock by the Guardia Civil.

Even now, the police make four or five inspections a day. That does not worry Jorge. "There are still another 8,000 or 10,000 trees to go," he says witb a laugb. "We are still figuring out how to do it but they won't see out the month."

Everyone in tbe village brags about their role in the crimes. When the police came round the day after the first assault, they had their story prepared. "Where where yon last nigbt?" – "Sleeping, of course." One man has become a hero in the village for describing in detail to embarrassed policemen how be spent his evening.

The fisherfolk of Tazones, in two nights of bard work, probably did more to make the eucalyptus tree famous in Spain than a decade of handwringing and petitioning by the country's disparate ecological community.

They did oot even do it out of concern for the soil or some epbemeral disagreement with the country's forestry policy. "You cover that hill with eucalyptus trees," says an old man lunching with his family on a porch. "and in 15 years they will be 20 metres high and we will lose three or four hours of sun a day in winter. We need sunlight here."

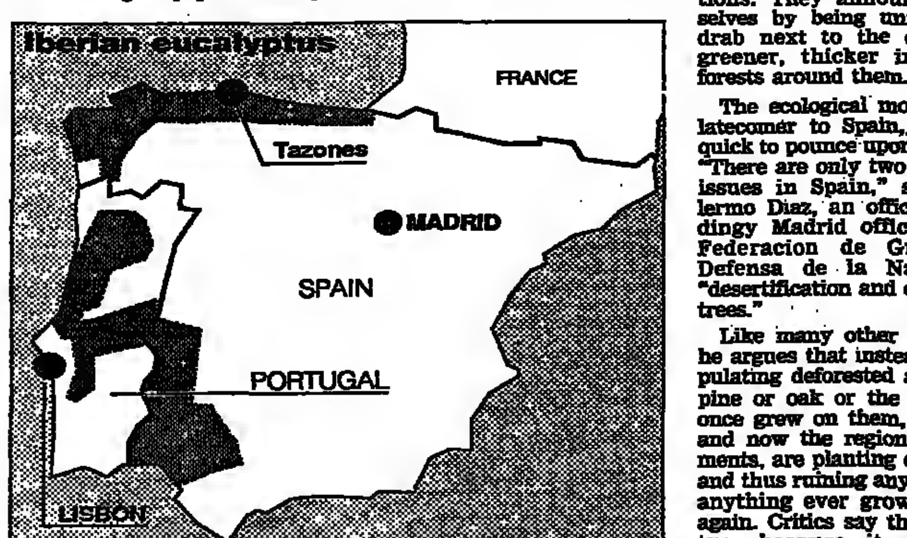
The speed at which eucalyptus trees grow, plus the fact that its fibre is short and generally easier to dry, is rapidly making the species a favourite with European paper companies. Drying long fibre coniferous pulp has traditionally been one of the paper industry's great headaches becanse it takes so long.

According to paper industry analysts, the eucalyptus fibre, because it is shorter, allows for the production of more flexible and smooth papers and they also say it is better to use for coloured paper.

Spain and, to a lesser extent, Portugal bave become big exporters of eucalyptus pulp in the past decade. The two countries are the only producers of eucalyptus pulp in Europe and the list of foreign paper groups making hig investments in Spanish pulp plants in the past three years includes Scott Paper of the US, Ireland's Jefferson Smurfitt and Feldmuehle of West Germany.

According to a recent report by Kleinwort Benson, the UK merchant bank, eucalyptus pulp now accounts for about a third of tbe 11m tonnes of pulp produced around tbe world each year.

"The advantages of short fibre pulp have only recently been appreciated," the report says, and "the price differential between (expensive long fibre pulp and short fibre varieties) has been gradually whittled down so that they are now for the first time, more or less, on a par." Pulp prices rose 18 per cent in the first quarter of 1989, to around 690 Ecu (£466) a tonne.



Tbe Spanish have not become big suppliers so quickly by accident. Eucalyptus seeds were first imported to Spain from Australia after the Second World War. By 1970 *the state had planted 137,941* hectares and private growers had planted a further 50,172 ha. But since the death of Genreal Franco in 1975, and the subsequent seccession of forestry policy to the country's autonomous regions, private investment has led the way.

No one, least of all Icona, the national forestry agency, tries to pretend that the eucalyptus was introduced as a contribution to Spain's flora and fauna. "The trees are there for economic reasons only," Mr Leopoldo Rojo, an official in the agency's planning department says, "and in the (relatively poor) north and Extremadura the economic pressures are tremendous."

Icona says that by 1985, the latest year for which figures are available, private speculators had planted 203,082 ha with eucalyptus, while the state's programme had risen to only 232,691 ha.

Icona admits these figures may wildly underestimate the current spread of the trees as many plantings have not been reported. Also, since Spain joined the European Community in 1986, increased Community forestry subsidies and lowering of tariff barriers by EC trading partners have added a powerful new impetus to grow eucalyptus.

Certainly, on a drive through Spain's lusb northern provinces – Asturias, Galicia and Cantabria – it is easy to spot the huge eucalyptus plantations. They announce themselves by being uniform and drab next to the dwindling greener, thicker indigenous forests around them.

The ecological movement, a latecomer to Spain, has been quick to pounce upon the trees. "There are only two ecological issues in Spain," says Guillermo Diaz, an official in the dingy Madrid offices of tha Federacion de Grupos de Defensa de la Naturaleza, "desertification and eucalyptus trees."

Like many other ecologists, he argues that instead of repopulating deforested areas with pine or oak or the trees that once grew on them, the state, and now the regional governments, are planting eucalyptus and thus ruining any chance of anything ever growing there again. Critics say the eucalyptus, because it grows so quickly, dries up the soil and saps it of the nntrients on which other species would depend.

Eucalyptus globulus, tha variety grown in the northern regions, reaches its full height of 30 metres or so in about 15 years - three times faster than, say, an oak tree. Even government officials concede that this pressure on the surrounding soil has made a major contribntion to the rapid rise in forest fires in the past few years.

"Planting a eucalyptus tree is like sticking a match in the ground," says Mr Diaz.

The *eucalyptus camaldulensis*, grown further south in Extremadura grows more slowely hut is practically impervious to drought.

Some ecological groups complain too that the spread of the encalyptus tree in Spain is damaging the future for small farming in the north.

Farmers, whose livelihoods were marginal anyway, are being bought out by people or companies wanting to plant eucalyptus and their absence is slowly changing the ecosystems of vast parts of the country.

At Icona, there is broad agreement that the first wave of plantings in Spain was thoughtless and overdone. "Twenty years ago there was no sensitivity to these problems," says Mr Rojo. But he says the agency also has scientific evidence to prove that eucalyptus does not necessarily burn any faster than other trees. Neither, he says, is there sufficient evidence to prove that eucalyptus planted in ricb soils would necessarily ruin it.

But the Government has begun to try and clamp down on the rate of planting. Grade I and II forests (the grading system runs down to VII) can no longer be cut down to make way for eucalyptus. In theory at least, regional governments are expected to be mucb stricter nowadays when assessing applications for new plantations.

People can still cheat and plant on the sly, Mr Rojo admits: "Tha countryside is very big." So are the rewards. Ence, the state-owned paper producer has in the last few years revised its corporate strategy to concentrate almost exclusively on pulp. Its 120,000 ha under eucalyptus make it the second biggest grower after the Government and the growing margins on its hleached eucalyptus pulp – more than 60 per cent of which it exported – helped lift the company's net profit 35 per cent in the first half of this year to Pta 4.6bn (£24m).

The European eucalyptus pulp producers, however, are planning to increase capacity by only 6 per cent – about 110,000 tonnes a year – between now and 1993. With excess demand in Europe already more than twice that, prices are likely to continue rising.

That is good news for companies and planters who have already managed to grow aucalyptus plantations in Spain. But it is not likely to improve the humour of the Tazones planter whose trees keep getting ripped up by the locals.

If he tries to replant? The woman serving in the Mayor's small store on the high street cackles loudly, "We'll just cut them down again."

Cotton and rice growers face £100m drought losses

By Tom Burns in Madrid

AS THE third successive long dry summer runs its course in southern Spain, autborities controlling water supply in the wide Guadalquivir river basin yesterday implemented stringent irrigation restrictions that are forecast to cause losses of about Pta 20bn (£104m) to the area's *main cash crops of* cotton and rice.

Fears of a continued drought, as well as EC-imposed cutbacks, had already reduced the area sown with cotton from 135,000 hectares in 1988 to 50,000. The newly imposed restrictions, which will cut *water available for irrigation* hy 75 per cent, will further rednce the crop hy an estimated 20 per cent at a cost of between Pta 10bn-15bn.

Rice production had been cut back this year hy 30 per cent and the restrictions are expected to cause losses of pta 8bn.

Production of *maize* and olives is also likely to be sharply down in the Guadalquivir area.

Local farming associations have demanded that the whole river basin be declared a disaster area and are pressing the Government to ohtain tax relief from the EC.

Similar drought conditions exist elsewhere in Spain where reservoirs are at an average 42 per cent of their capacity. Cereal production in the centre of Spain is forecast to be 50 per cent down on that of normal years.

WORLD COMMODITIES PRICES

LONDON MARKETS

ALUMINIUM continued its upward run on the London Metal Exchange yesterday as the cash position gained $31 to $1,840.50 a tonne. The three months position ran into resistance above the $1,820-a-tonne mark, however, and finished only $19 up at $1,822.50 a tonne. Tin prices rallied following the recent sustained decline. The cash position, which on Monday added $445 to last week's $560 fall, regained $360 on the day to close at $8,230 a tonne. The three months position, which had earlier met support near the $8,000 mark, closed $315 higher at $8,355 a tonne. Cocoa prices *continued under pressure early on*, with the December futures position dipping to £805 a tonne. But a subsequent rally left the price £1 up at £828 a tonne. Coffee's technical rally ran out of steam after the November price had reached £783 a tonne.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.40-5.45w	+.170
Brent Blend	$17.15-7.25z	+0.11
W.T.I. (1 pm est)	$18.75-8.80w	+0.27
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$193-195	-3
Gas Oil	0155-157	-1
Heavy Fuel Oil	$82-84	-1.5
Naphtha	0153-155	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$367	+1
Silver (per troy oz)♣	525c	+2
Platinum (per troy oz)	$483.75	+3.00
Palladium (per troy oz)	0134.25	+1.00
Aluminium (free market)	$1840	+35
Copper (US Producer)	129⅝-134	
Lead (US Producer)	39.5c	
Nickel (free market)	595c	-10
Tin (Kuala Lumpur market)	21.4r	
Tin (New York)	375.5	
Zinc (US Prime Western)	83¼c	+1½
Cattle (live weight)†	116.95p	+1.49*
Sheep (dead weight)†	150.78p	+11.9*
Pigs (live weight)†	91.94p	+1.17*
London daily sugar (raw)	$337.4v	+1.4
London daily sugar (white)	$489v	+1
Tate and Lyle export price	£328.5	
Barley (English feed)	£105	
Maize (US No. 8 yellow)	£131	
Wheat (US Dark Northern)	£126.5t	
Rubber (spot)♥	55.00p	+0.25
Rubber (Sep)♥	60.25p	+0.25
Rubber (Oct)♥	01.00p	+0.25
Rubber (KL RSS No 1 Sep)	239.5m	+0.5
Coconut oil (Philippines)§	$485y	
Palm Oil (Malaysian)§	$312.5v	
Copra (Philippines)§	$300	
Soyabeans (US)	£165w	+2
Cotton "A" index	83.45c	+0.80
Wooltops (64s Super)	604p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. z-Sep. x-Nov/Dec. t-Aug/Sep. v-Sep/Oct. w-Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Sep	774	771	774 751
Dec	828	827	830 805
Mar	808	803	812 788
May	819	812	820 800
Jul	835	829	837 820
Sep	850	845	850 835
Dec	880	870	875 865

Turnover: 12085 (15271) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Aug 21 955.70 (1000.36) :10 day average for Aug 22 1041.91 (1054.05)

COFFEE £/tonne

	Close	Previous	High/Low
Sep	774	781	770 765
Nov	767	768	783 768
Jan	778	781	792 780
Mar	790	759	810 787
May	807	815	828 800
Jul	830	839	848 836
Sep	850	870	855

Turnover: 4218 (3099) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Aug 21: Comp. daily 67.81 (66.44). 15 day average 68.74 (68.84)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Oct	310.00	297.00	310.00 297.80
Dec	299.00	287.50	290.00
Mar	290.40	280.00	290.40 282.00
May	286.00	275.00	282.00 278.80
Aug	279.60	270.60	275.00 273.60
Oct	272.00	264.00	272.00 267.00
White	**Close**	**Previous**	**High/Low**
Oct	417.00	405.00	417.00 405.00
Dec	379.50	369.00	378.00 373.00
Mar	358.50	352.00	359.00 351.00
May	356.00	349.00	355.00 348.00
Aug	352.50	346.00	354.00 351.50
Oct	347.50		348.00 340.00
Dec	343.50		336.50

Turnover: Raw 3795 (6681) lots of 50 tonnes. White 1739 (1379). Paris- White (FFr per tonne): Oct 2750, Dec 2470, Mar 2355, May 2330, Aug 2323, Oct 2283.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Oct	17.01	10.83	17.05 18.94
Nov	16.88	16.75	16.90 18.84
Dec	16.78	16.64	16.78 16.72
IPE Index	10.95	18.85	

Turnover: 4162 (3816)

GAS OIL $/tonne

	Close	Previous	High/Low
Sep	154.25	155.00	156.00 154.00
Oct	153.00	153.00	154.25 152.75
Nov	153.25	153.00	164.00 152.75
Dec	153.50	153.25	154.25 152.75
Jan	152.00	151.25	152.50 151.25
Apr	144.00	143.00	144.00

Turnover 6615 (2871) lots of 100 tonnes

JUTE

September/October c and f Dundee BTC $520, BWC $510, BTD $475, BWD $465; c and f Antwerp BTC $490, BWC $480, BWD $435, BTD $445.

COTTON

Liverpool-Spot and shipment sales for the week ended August 18 amounted to 1055 tonnes against 626 tonnes in the previous week. Slow trading occured with interest in Israeli, American, West African and Pakistan growths.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 17,525 tonne
Cash	1838-43	1809-10	1840	1840-1		
3 months	1820-5	1802-5	1835/1780	1825-6	1819-20	30,169 lots
Copper, Grade A (£ per tonne)						Ring turnover 24,750 tonne
Cash	1799-800	1819-21	1815/1805	1814-6		
3 months	1772-3	1793-4	1793/1773	1788-89	1779-80	70,698 lots
Lead (£ per tonne)						Ring turnover 5,450 tonne
Cash	443-4	446-7	442	442-3		
3 months	437-7.5	438.5-8	438/436	436-7	437-8	10,655 lots
Nickel ($ per tonne)						Ring turnover 1,584 tonne
Cash	12875-925	12850-900	13100/12950	12900-50		
3 months	12000-100	12100-50	12200/12100	12100-50	12050-100	8,122 lots
Tin ($ per tonne)						Ring turnover 475 tonne
Cash	8220-40	7860-80	8240/8150	8145-50		
3 months	8350-60	8030-50	8400/8100	8280-300	8350-70	5,783 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 15,275 tonne
Cash	1934-5	1970-80	1935/1910	1028-32		
3 months	1705-10	1750-5	1745/1705	1720-5	1705-10	11,961 lots
Zinc ($ per tonne)						Ring turnover 5,850 tonne
Cash	1785-35	1820-30		1770-90		
3 months	1657-62	1680-90		1650-60	1645-50	6,923 lots

LME Closing £/$ rate: SPOT: 1.5835 3 months: 1.5651 0 months: 1.5492 9 months: 1.5366

POTATOES £/tonne

	Close	Previous	High/Low
Nov	145.0	142.8	144.0 140.0
Feb	175.0	170.0	
Apr	225.5	223.0	226.0 220.0
May	248.0	244.0	245.0

Turnover 532 (816) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	139.00	139.50	139.00
Dec	139.00	140.50	139.50 139.00

Turnover 127 (170) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Aug	1433	1434	1434 1430
Sep	1497	1510	1505 1500
Oct	1552	1565	1555
Jan	1594	1599	1598 1590
BFI	1423	1421	

Turnover 74 (83)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	106.35	106.55	106.75 106.35
Nov	109.70	109.45	109.85 109.70
Jan	112.95	112.88	113.05 112.95
Mar	115.65	115.45	115.65 115.60
May	118.40	118.30	118.45 118.40
Barley	**Close**	**Previous**	**High/Low**
Sep	102.60	102.60	102.70 102.60
Nov	106.65	106.50	106.65 106.60
Jan	109.80	109.50	109.80

Turnover: Wheat 188 (227), Barley 58 (53). Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	116.5	116.5	116.5
Oct	121.0	121.0	122.5

Turnover 10 (10) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	366¾-367¼	231½-232
Opening	365¾-366¼	232¼-232¾
Morning fix	366.00	232.278
Afternoon fix	366.40	232.482
Day's high	366¾-367¼	
Day's low	365¾-366¼	

Coins	$ price	£ equivalent
Mapleleaf	377-382	238-241
Britannia	377-382	238-241
US Eagle	377-382	238-241
Angel	377-382	238-241
Krugerrand	366-369	231-233
New Sov.	86-87	54½-55
Old Sov.	86-87	54½-55
Noble Plat	489.55-497.30	310.65-318.50

Silver fix	p/fine oz	US cts equiv
Spot	330.80	522.25
3 months	342.15	533.75
6 months	353.45	545.45
12 months	*374.45*	*568.30*

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1700	146	148	1	21
1800	80	82	14	54
1900	13	40	67	110
Copper (Grade A)	**Calls**		**Puts**	
2700	161	171	13	88
2800	89	120	40	135
2900	40	01	90	194

LONDON FOX TRADED OPTIONS

Coffee	Nov	Jan	Nov	Jan
700	88		22	
750	57	88	41	60
800	34	65	68	87
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
800	59	71	31	64.
850	34	53	56	86
900	19		91	

US MARKETS

IN THE METALS, trading remained slow in all markets despite a sharp decline in the US dollar, reports Drexel Burnham Lambert. In the softs, sugar prices rallied 60 points basis October with trade and speculative buying. Cocoa trading was also active as industry buying lifted prices early before trade selling near the close pared gains. Heavy switch activity was noted. Coffee closed higher as continued short-covering ahead of first notice day for the September contract was seen. Cotton trading was dominated by local players. The grains all closed higher with the soy complex *posting the biggestadvances. Technical* buying and elected buy stops provided the support, fund activity helped the bean oil futures advance. Corn and wheat were firm in lighter volume. In the livestocks, pork bellies were higher due mostly to evening-up ahead of Tuesday's out-of-town storage report. Cattle prices were also up as cash prices are expected to bottom out. Live hogs were mixed. The energy complex featured sideways action as the expiration of the September crude oil contract took place.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	367.9	368.4	368.6	368.0
Sep	368.0	368.0	0	0
Oct	370.7	370.7	371.5	370.0
Dec	374.5	374.5	375.0	373.0
Feb	378.3	378.3	378.2	377.0
Apr	382.1	382.1	382.0	382.3
Jun	386.0	386.0	386.9	386.0
Aug	389.7	389.7	0	0
Oct	393.7	393.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Sep	487.5	485.4	0	0
Oct	489.8	487.7	492.0	486.0
Jan	493.3	491.2	495.0	490.0
Apr	496.8	494.0	496.1	495.0
Jul	500.7	498.7	0	0
Oct	504.6	502.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	522.1	522.7	0	0
Sep	523.5	524.3	528.0	522.0
Oct	527.5	528.2	0	0
Dec	536.3	537.0	538.5	534.7
Jan	539.7	540.3	0	0
Mar	548.8	548.8	550.5	547.5
May	556.4	556.9	556.5	555.0
Jul	564.8	565.3	0	0
Sep	573.3	573.7	0	0
Dec	585.4	585.7	586.5	585.0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug 21	Aug 10	mnth ago	yr ago
1834.2	1900.1	1840.2	1848.6

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	129.87	129.34	130.16	131.66
Futures	130.44	129.97	128.86	135.52

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	125.10	125.45	125.70	125.30
Sep	125.35	125.46	126.20	124.20
Oct	124.15	124.15	0	0
Dec	121.65	121.65	122.20	120.80

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	18.16	19.08	18.17	18.88
Oct	18.77	18.64	18.82	18.57
Nov	18.56	18.43	18.60	18.37
Dec	18.40	18.30	18.47	18.27
Jan	18.33	18.19	18.38	18.18
Feb	18.26	18.10	18.26	18.08
Mar	18.15	18.03	18.17	18.02
Apr	18.18	17.99	19.18	17.99
May	18.10	17.95	18.12	17.93

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	5205	5169	5210	5155
Oct	5270	5254	5280	5215
Nov	5330	5307	5340	5275
Dec	5390	5366	5400	5340
Jan	5385	5355	5385	5340
Mar	5090	5050	5105	5060
May	4800	4740	4800	4800

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1120	1100	1136	1100
Dec	1137	1121	1159	1112
Mar	1136	1125	1155	1120
May	1155	1144	1165	1142
Sep	1193	1182	1195	1192
Jul	1174	1163	1164	1156
Dec	1214	1203	1234	1230

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	79.54	79.00	80.00	78.30
Dec	82.32	01.25	82.50	80.40
Mar	84.86	83.80	85.00	83.00
May	86.80	85.50	86.90	85.50
Jul	88.50	87.00	88.50	87.25
Sep	90.26	89.50	90.05	82.50
Dec	93.50	92.50	93.50	92.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	13.95	13.35	14.00	13.55
Jan	12.97	12.37	0	0
Mar	13.01	12.54	13.02	12.77
May	12.79	12.32	12.80	12.57
Jul	12.62	12.10	12.62	12.40
Oct	12.35	11.93	12.35	12.20

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	76.20	75.80	76.20	75.50
Dec	77.19	76.70	77.19	76.30
Mar	77.80	77.43	77.90	77.30
May	78.00	77.68	78.05	77.45
Oct	71.89	72.10	72.10	71.40
Dec	68.45	68.45	68.65	68.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	162.20	162.25	162.20	101.25
Nov	147.00	146.40	147.00	145.80
Jan	144.00	142.75	144.00	142.80
Mar	143.00	141.75	141.00	141.50
May	142.20	140.80	0	0
Sep	141.20	139.80	0	0
Nov	141.20	139.80	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	606/0	626/0	626/0	602/0
Sep	603/0	594/0	603/4	589/0
Nov	596/0	586/4	597/0	583/0
Jan	605/0	597/2	606/0	593/0
Mar	614/4	606/0	615/4	602/4
May	622/2	614/4	622/4	010/4
Jul	626/0	618/0	627/0	614/0
Aug	617/0	608/0	019/4	605/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	18.23	18.21	18.26	18.05
Sep	18.97	18.31	10.05	10.17
Oct	19.24	18.54	19.29	18.38
Dec	19.66	18.97	19.60	18.63
Jan	19.75	19.22	19.75	19.10
Mar	20.25	19.62	20.30	18.43
May	20.50	19.90	20.50	20.00
Jul	20.70	20.20	20.70	20.25

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	205.0	210.2	210.0	203.5
Sep	194.1	193.7	494.5	192.2
Oct	187.4	186.0	188.0	184.2
Dec	186.3	184.9	187.0	184.0
Jan	186.5	184.5	186.8	184.5
Mar	187.1	185.4	188.0	185.0
May	188.6	189.5	188.5	188.5
Jul	188.7	187.0	189.0	188.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	238/2	234/6	239/0	234/0
Dec	240/0	236/6	240/0	236/2
Mar	247/2	243/6	247/4	243/4
May	253/2	249/2	253/2	249/0
Jul	254/4	250/4	255/0	251/0
Sep	245/0	243/0	245/0	243/4
Dec	243/0	241/0	244/0	241/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	390/4	390/2	391/6	388/2
Dec	405/2	406/0	406/2	403/0
Mar	410/6	411/0	411/4	408/2
May	400/4	400/4	401/0	397/4
Jul	368/6	368/2	369/0	365/4
Sep	372/4	370/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	74.10	74.10	74.25	74.00
Oct	75.30	74.97	75.45	74.72
Dec	74.07	73.72	74.27	73.57
Feb	73.12	73.05	73.27	72.77
Apr	74.10	74.05	74.25	73.85
Jun	72.12	71.97	72.12	71.00
Aug	70.37	70.25	70.65	70.37

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	40.65	40.67	40.85	40.45
Dec	41.30	41.75	42.00	41.45
Feb	42.95	42.75	43.25	42.82
Apr	41.02	40.77	41.05	40.60
Jun	45.30	45.32	45.42	45.10
Jul	45.75	45.80	45.77	45.65
Aug	44.30	44.05	44.30	43.60
Oct	41.25	41.00	41.35	40.80

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	26.82	26.60	27.10	26.40
Feb	41.77	41.27	42.20	41.30
Mar	41.95	41.30	42.20	41.35
May	43.12	42.70	43.25	42.70
Aug	42.00	42.00	42.60	0

LONDON STOCK EXCHANGE

Equities still uncertain in thin trade

THE LONDON stock market's midsummer uncertainties were further deepened yesterday by contrasting performances overnight from Tokyo and New York. In the event, it was New York which proved the major influence on London, and an attempted improvement in UK stocks was undermined at the close when Wall Street showed signs of extending the heavy fall of the previous session.

UK stocks opened lower in response to the 40 point loss on the Dow Industrial Average overnight, but tried to fight back in the first half of the trading session. However, it was another day of sluggish turnover across the broad range, with the special situation stocks providing the features.

Account Dealing Dates

*First Dealings:	Aug 14	Sep 4	Sep 18
Option Declarations:	Aug 31	Sep 14	Sep 28
Last Dealings:	Sep 1	Sep 15	Sep 29
Account Day:	Sep 11	Sep 25	Oct 9

*New time dealings may take place from 9.00 am two business days earlier.

The FT-SE Index closed 3.9 points down at 2,370.8, after touching 2,385.2 earlier. Seaq trading volume remained unexciting at 391.6m against Monday's 349.2m, with yesterday's total boosted as several blue chip stocks found the spotlight.

Among these, *ICI stood out* with a sharp gain in brisk turnover of 2.6m shares. Wellcome scored a further advance as the market debated the sales prospects for Retrovir, the group's anti-Aids drug, in the light of the favourable review from the US National Institute of Allergy and Infectious Diseases.

BAT Industries moved up again as the market assessed the situation in the wake of the board's rebuttal of the bid arguements from Hoylake, the investment vehicle of the Sir James Goldsmith camp. There was a good reception for the interim trading report from BICC, the cable manufacturer.

The City's attention is focussed around this morning's announcement of the UK trade figures for July. The market's consensus is for a monthly deficit of around £1.4bn on current account, a shade less than in the previous month.

The equity market's attempt to move higher again yesterday reflected euggestions in some quarters that an early cut in domestic base rates might be possible, given the continued firmness of sterling.

Hoare Govett, the UK securities arm of Security Pacific, the US West Coast bank, said, "It is now time for the Chancellor to be considering a reduction in interest rates." Mr Jim *O'Neill, international economist* at Swiss Bank, was, "increasingly confident that it (a rate cut) is going to happen."

Interest rate optimism was *helped by yesterday's improvement* in the sterling exchange rate index, and the failure of the index to hold its gain at the close was an additionally discouraging factor at the end of the *equity session*. However, the principal feature of the market remains the lack of genuine investment turnover as the extended August Bank Holiday trading Account grinds on towards its closing date of September 1.

FINANCIAL TIMES STOCK INDICES

	Aug 22	Aug 21	Aug 18	Aug 17	Aug 16	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	87.62	87.60	87.54	87.58	87.42	87.64	89.29 (8/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.82	97.71	97.69	97.72	97.63	97.18	99.69 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1966.3	1969.0	1979.0	1975.0	1961.8	1466.1	1979.0 (18/8)	1447.8 (3/1)	1979.0 (18/8/89)	49.4 (26/6/40)
Gold Mines	202.0	202.0	204.0	203.8	205.2	194.8	206.0 (7/7)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2370.8	2374.7	2375.1	2360.0	2345.8	1817.9	2375.1 (18/8)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.03	4.02	4.00	4.01	4.02	4.89				
Earning Yld %(full)	9.63	9.60	9.57	9.58	9.64	11.75				
P/E Ratio(Net)(☆)	12.62	12.65	12.69	12.58	12.50	10.38				
SEAQ Bargains(5pm)	26,057	27,048	27,128	28,903	25,168	20,554				
Equity Turnover(£m)†	-	648.65	877.74	838.28	763.05	746.65				
Equity Bargains†	-	27,320	27,855	31,018	21,840	21,557				
Shares Traded (ml)†	-	278.7	358.9	459.3	315.3	285.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 12.39

Ordinary Share Index, Hourly changes Day's High 1973.2 Day's Low 1958.8

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1958.8	1967.2	1970.3	1977.2	1976.6	1976.6	1973.5	1973.2

FT-SE, Hourly changes Day's High 2385.2 Day's Low 2361.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2361.5	2370.7	2376.0	2382.4	2384.3	2381.7	2377.1	2377.2

S.E. ACTIVITY

Indices	Aug 21	Aug 18
Gilt Edged Bargains	89.3	78.3
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A
5-Day average		
Gilt Edged Bargains	89.4	88.0
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A

SE Activity 1974. †Excluding intra-market business & O'seas turnover. London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	4,100	197	-1
Abbey National	6,000	147½	-1
Allied-Lyons	2,200	547	+5
Amstrad	1,308	71	-1
Argyll Group	2,800	242	
Ass. Brit. Foods	194	388	-1
BAA	1,700	345	-6
BAT Inds	2,100	847	+14
BET	650	311	
BICC	3,400	558	+23
BOC	1,200	527½	-4
BPB Inds.	630	252	-1
BTR	3,400	472	-2
Barclays	1,465	524	
Bass	1,800	1123	-3
Blue Circle	1,100	263	-3
Boots	1,400	295	-2
Brit. & Comm.	2,200	179	-4
Brit. Aerospace	1,380	691	-18
British Airways	1,400	193	-2
British Gas	3,300	209	-½
British Land	33	382	
BP	4,400	291½	-2
British Steel	7,900	76½	-1
British Telecom	1,400	258	-3
Burmah Oil	234	659	-6
Burton	2,200	262	+3
Cable & Wireless	2,500	592	+8
Cadbury Schweppes	1,100	405	-1
Carlton Comm.	404	886	+5
Commercial Union	563	412	-4
Cons. Gold Fields	15	1490	

Stock	Volume 000's	Closing Price	Day's change
Coalite	776	372	-4
Courtaulds	1,700	389	+6½
Dalgety	157	412	-3
Dixons	2,100	166	
Eng. China Clays	635	477	-7
Enterprise Oil	76	575	-3
FKI Babcock	1,100	126	
Fisons	1,600	355	-1
General Accident	399	1090	-8
General Elect.	3,100	272½	-3½
Glaxo	1,400	1519	-14
Globe Inv.	58	197½	
Glynwed Int.	1,380	316	+3
Granada	1,200	359	-15
Grand Met.	1,800	627	-6
GUS A	380	1134	+24
GRE	2,700	218	+2
GKN	993	463	+1
Guinness	559	587	-2
Hammerson 'A'	72	799	-1
Hanson	5,900	238	-1½
Harrisons & Cros.	983	170	+2
Hawker Siddeley	625	760	-3
Hillsdown Hldgs	2,000	312	+2
IMI	436	240	-1
Imp. Chem.	2,600	1318	+31
Inchcape	270	290	-1
Jaguar	991	414	+9
Kingfisher	2,950	348	+7
Ladbroke	1,800	326	-2
Land Securities	416	589	-1
Laporte	50	508	

Stock	Volume 000's	Closing Price	Day's change
Legal & General	281	349	-2
Lloyds Bank	1,900	403	+3
LASMO	558	503	-2
Lonrho	1,300	294	-3
Lucas	836	708	+3
MB Group	581	214	-2
MEPC	112	590	+2
Marks & Spencer	3,000	217	-1
Maxwell Comm.	442	198	-1
Midland Bank	3,200	367	-6
Nat. West. Bank	1,900	340	-1
Next	1,400	136	-1
Northern Foods	258	353	
Pearl	82	518	-8
Pearson	56	807	-7
P & O	1,300	682	-8
Pilkington	3,600	260½	+3
Plessey	643	266	
Polly Peck Intl.	553	293	-3
Prudential	2,900	209½	+½
RHM	352	461	-1
RMC	508	761	+1
RTZ	1,000	547	-3
Racal	1,600	212	-4
Rank Org.	281	964	-13
Reckitt & Colman	213	1233	+9
Redland	870	565	-11
Reed International	1,200	466	
Reuters	557	950	-13
Rolls Royce	1,300	184½	-½
Rothmans	207	666	+3
Royal Bk of Scotland	205	429	

Stock	Volume 000's	Closing Price	Day's change
Royal Insurance	3,000	431	-2
STC	2,500	362	-1
Saatchi & Saatchi	2,200	304	-20
Sainsbury	1,600	288	+1
Scott & Newcastle	1,100	404	-5
Sears	405	129	
Shell Transport	1,100	430	-4
Siebe	1,000	525	-5
Slough Ests	271	388	-3
Smith & Nephew	548	142½	-2
SmithKline Beecham	3,200	575	-2
Smiths Industries	426	302	-2
Standard Chartered	1,300	548	
Storehouse	641	137	
Sun Alliance	183	318	-1
T&N	753	258	-2
TSB	2,800	113½	+1½
Tarmac	1,900	293	
Tate & Lyle	878	293	-4
Taylor Woodrow	400	292	-1
Tesco	2,400	213	
THORN EMI	843	823	+2
Trafalgar House	3,200	416	-1
Trusthouse Forte	2,600	337	-1
Ultramar	1,300	330½	+½
Unilever	829	647	-4
United Biscuits	1,000	390	-3
Utd Newspapers	579	512	-8
Wellcome	6,750	756	+27
Whitbread 'A'	864	377	-4
Williams Hldgs.	4,700	364	
Wimpey	855	279	

Potent ICI cocktail

A potent cocktail of market tales, not all of them new and not many of them credible, helped to send ICI shares racing well ahead of the market trend.

At the head of the list were suggestions of possible moves to break-up the group, either by one of the US leveraged buy-out specialists or by a consortium headed by Salomon International, the US bank which has already set up a £35bn war chest according to a recent press report. One valuation suggests that if priced separately, ICI's businesses would be worth between three and four times current capitalisation for the whole company.

Such thoughts were stirred in with notions of ICI itself either taking a stake in Wellcome or bidding for Fisons. Some market sources believe that recent fears of a downturn in the bulk chemicals sector have been overdone – a presentation to to UK analysts by Dutch State Mines was positive on bulk prices.

There was US buying of ICI shares yesterday which triggered a bear squeeze, as well as a tale of an imminent buy note from a US brokerage house and a re-run of the story that ICI was about to sell its stake in Enterprise Oil. The upshot was that ICI touched 1348p before closing at 1318p, a net improvement of 31 on moderate turnover.

Mr Oliver Fear, of BZW's chemicals team, thinks it unlikely that ICI would bid for another company. "The market would not like a rights issue and possible earnings dilution," he said. Although positive in the longer term, Mr Fear said that trading statements from ICI were likely to be unexciting for a few months and that the stock might drift back in the short term.

Agencies succumb

Agency leaders Saatchi & Saatchi and WPP were upset by a report that advertising spending patterns in both the US and UK had flattened out. Several American houses admitted that revenues in the second half were falling short of projections, and some expected little relief until next year at the earliest.

Saatchi & Saatchi warned of less buoyant times last March and yesterday advised analysts to treat the US report as new evidence of tougher trading conditions within the industry. BZW consequently clipped its profits estimates for both this and next year. The shares fell 20 to 304p and, said a trader, appear unlikely to perk up until there is news on the sale of the consulting division.

WPP also suffered, losing 27 to 720p, although the group confirmed that revenues at J Walter Thompson and Ogilvy & Mather were in line with expectations. BZW is quite happy to stand by its forecast for the group.

Other agencies caught in the crossfire were WCRS, 10 lower at 294p and Lowe Howard Spink and Bell, 4 off at 440P

BICC please

Interim results from BICC, the industrial cable manufacturer, were substantially above market expectations, and the company's meeting with City analysts also went well. A dividend increase and a 36 per cent rise in pre-tax profits took the price ahead by 23 to 558p on turnover of 3.4m shares.

Analysts' estimates of profits for the full year were rapidly upgraded yesterday to the £200m-210m area, implying a gain on the year of around 32 per cent.

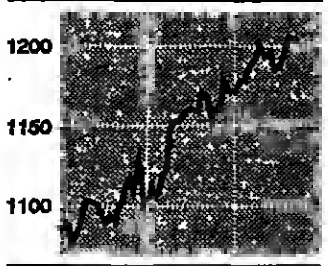
After the company meeting, Mr Richard Dyer, of broker Henderson Crosthwaite, said that market conditions appeared favourable for BICC, stressing that the group is, "not too subject to developments in the UK economy."

Wellcome shrugged off cautious words from some analysts and rose a further 27 to 756p. Nikko Securities downgraded the stock from a buy to a hold, while long-standing bull of Wellcome, BZW, is recommending clients to take some profits and say the shares are likely to trade at between £7 and £8 for the short term.

The uncertainty is that although there are vast numbers of people who carry the Aids virus and who do not show symptoms of the disease – the new class of patient shown last week to benefit from Wellcome's drug Retrovir – they have yet to come forward. It is hard to make forecasts of sales of Retrovir until details of any increase in Aids screening rates are published, probably not until the end of the year.

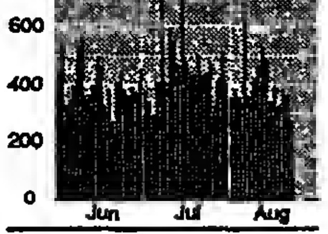
The pharmaceuticals team at BZW upgraded its profits forecast for Fisons, one of its least favourite companies. Mr Jonathan de Pass, of BZW, said good sales of anti-allergy and horticultural products were behind the decision to raise the estimate for profits this year from £161.5m to £165m. Next year's figure is improved by less, from £192m to £196m. In spite of the change, Mr de Pass is sticking with a sell recommendation on the stock.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excl: Intra-market business & O'seas turnover



Among clearing banks Midland dropped 6 to 367p on turnover of 3.2m shares as hopes that Hongkong and Shanghai Bank might increase its 14.9 per cent stake in preparation for some sort of merger dissipated. TSB rose 1½ to 113½p as 2.8m shares changed hands amid talk of a possible tie-up with high street retailer Marks and Spencer, down a penny at 217p.

British & Commonwealth lost ground after announcing the sale of half of its 60.9 per cent stake in Irish leasing company Woodchester to four investment institutions for 156p. The market was disappointed with the part disposal on two counts, said Mr Philip Gibbs of Laing & Cruickshank: "We had hoped for slightly higher price and had hoped to see the stake sold in one block." B&C is now looking for a single buyer of its remaining holding in Woodchester.

There was further bad news for B&C as yet another securities house, this time BZW, slashed its profits forecast for London Forfaiting, which is 40 per cent owned by B&C. BZW has downgraded its estimate of current year earnings by £8m to £5m. Analysts had originally been hoping for around £15m from *London Forfaiting*, but now the company's contribution to B&C profits will be negligible. B&C closed dwon 4 at 179p, Woodchester down 3 at 165p and London Forfaiting down a penny at 111p.

The building sector had several casualties, the main one being Redland which dropped 11 to 565p. McCarthy & Stone featured late with a fall of 9 to 148p.

Rentokil announced higher interim profits but the news had been discounted and investors moved to realise recent gains, leaving the shares 28 down at 373p. Hickson International, on the other hand, continued to respond to a recommendation by Mr Tony Cox of Kleinwort *Benson and closed* 8 up at 275p.

The news that Boots' offer for Ward White had gone unconditional came too late to affect share prices. Boots, which has around 60 per cent of its target, eased 2 to 295p during the session while Ward White closed a touch weaker at 443p. GUS continued to trade *firmly*, the "A" *shares adding* 24 at 1134p in light volume, while investment support sustained Kingfisher, up 7 at 348p, and Burton, up 3 at 262p.

Lowndes Queensway, the furniture retailer that recently unveiled a refinancing package and rights issue, rose 2½ to 25p as marketmakers who had gone short prior to the cash *callannouncement* closed their bears. Body Shop again wilted under the weight of profit-taking and top-slicing, ending 12 lower at 446p.

IEP (GB), run by Sir Ron Brierley, the New Zealand entrepreneur, raised its offer for Molins to 230p a share. Molins' share price followed suit, closing 13 ahead at 229p, mid-*price*. Before the announcement of the increased offer, Mr Brierley controlled 29 per cent of the company; volume was 737,000 shares, which means that, by Seaq's double counting method, just less than 1.25 per cent of the stock in issue changed hands.

Early weakness with the wider market in Davy Corporation flushed out what one dealer described as an enthusiastic buyer. The shares bounced off 255½p to close at 258p, a net fall of 4 on the day. Such support failed to emerge for fellow engineer *GM Firth* which slid 3 to 115p.

Weir Group weakened ahead of interim figures today, closing 6 off at 312p.

A one-for-four rights issue, to raise £15m, and an £8.3m acquisition of Atlas Air Holdings undermined Midlands metals specialist Wheway. It bottomed at 129p before closing *7 off at 132p*.

Food stocks were quietly traded. Dalgety fell 3 to 412p as the lack of a follow through on recent speculation concerning Australian stakeholder Mr *Robert Holmes à Court* continues to disappoint the market. There were similar losses on the lack corporate news at Unigate, down 3 at 413p, and United Biscuits, down 3 at 390p. Cadbury Schweppes, another strong bid favourite, eased back a penny to 405p.

The retailing sector was enlivened by an important piece of research from broker Smith New Court which came down firmly on the side of the bulls. "We are confident that a further phase of sector outperformance will take place into 1990," says Smith. "Food retailers offer a powerful combination of rapid eps growth, defence in depth plus special situations – and corporate profits are heading south."

The broker's chief recommendations among leading stocks are Argyll, steady at 242p yesterday and a "strong buy", Tesco, unchanged at 213p, and Sainsbury, up 1 at 288p, both "still very good value." Of the second liners, William Low (325p) and Budgens (115p) are picked out as undervalued, while the sessions best performer, Iceland Frozen Foods (up 4 at 377p), were rated a hold pending further news on the integration of January's, Bejam.

The higher bid by Sally Line for Southampton Isle of Wight and South of England Royal Mail Steam Packet company, which trades under the name Red Funnel, move up the latter's shares by 9 to 243p.

News of a £30m nursing home project in Suffolk expected toprovide more than £30m of revenue for Takare over 10 years, pushed the company's shares 10 ahead to 473p, after 478p.

Further consideration of Monday's bid for De La Rue from fellow printer Norton Opax put 7 on the former's price to 383p. Norton closed 6 firmer at 161p, a penny off the best of the day.

Greycoat was a lone feature among modestly traded property stocks, rising 10 to 555p, after 563p, on talk that buyer had been found for phase two of the £45 per square foot development at Victoria Plaza in central London. Estate agency group Hambro Countrywide fell a penny to 43p on the £15m acquisition of commercial property agents Wright Oliphant from Brookmount.

Favoured recently by at least two broking houses, shares of Courtaulds maintained their advance in reasonable activity. At the end of the session they were 6½ firmer at 389p.

The market continued to assess the Hoylake bid situation and fresh support for the shares was drawn by talk that a financial restructuring of its quarry, BAT Industries, was not completely out of the question. Volume was rather modest, totalling only 2.1m shares but in the absence of any real selling the price rose 14 more to 847p.

Shell continued to suffer from its new "brown" stock image – the reverse of a "green" Stock – as a result of oil pollution in and around the river Mersey. The shares fell 4 to 430p.

Irish listed Tuskar Resources is exploring for oil in Colombia, and the shares slumped 7 to 48p on fears that the cocaine crackdown in the country yesterday could lead to political instability.

Although trading in BP shares was unexceptional, the options were the most popular in the London Traded Options Market. By the close, some 2200 contracts had been concluded, equivalent to 2.2m shares. Seaq clocked up 4.4m shares traded in the equity market as the price slipped 2 to 292p.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 21

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (75).
BRITISH FUNDS (4) BANKS (1) BREWERS (3) BUILDINGS (2) CHEMICALS (1) STORES (2) ELECTRICALS (6) ENGINEERING (7) FOODS (4) HOTELS (1) INDUSTRIALS (11) BBA 6.7pc Cm. Rd. Cv. Pf., Brierley Invs., Eastern Prod., Fletcher Chlnge., Grafton, Morgan Crucible, Optometrics, Photo-Me, Rolfe & Nolan, Trafalgar Hse., Wellcome, LEISURE (2) MOTORS (1) NEWSPAPERS (1) PROPERTY (2) TEXTILES (1) TRANSPORT (2) TRUSTS (22) OILS (2) OVERSEAS TRADERS (2) MINES (3) THIRD MARKET (1).

NEW LOWS (34).
BANKS (1) BUILDINGS (6) CHEMICALS (1) STORES (1) ELECTRICALS (4) FOODS (2) INDUSTRIALS (3) Airsprung, BLP, Campbell & Armstrong, Dolphin Packg., Rexmore, Rockwood, LEISURE (1) PAPERS (3) PROPERTY (1) TEXTILES (4) TRANSPORT (1) TRUSTS (1) MINES (1) THIRD MARKET (1).

APPOINTMENTS

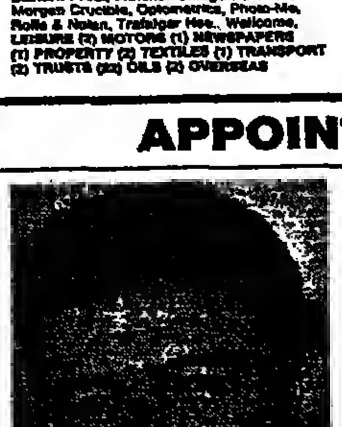
Chairman of Powerscreen

■ Mr John Craig has been appointed non-executive chairman of POWERSCREEN INTERNATIONAL, replacing Mr Patrick Dougan who resigned as chairman and chief executive on August 14. The Northern Ireland-based company makes crushing and screening plant. Mr Craig is a non-executive director of N.M. Rothschild & Sons, and Standard Chartered, together with a number of other companies. He was a managing director of Rothschilds, and is chairman of the executive committee of the British Bankers' Association. Mr Craig is a member of the Deposit Protection Board and of the board of the International Fund for Ireland.

■ AMERICAN LIFE INSURANCE COMPANY U.K. has appointed Mr Alan Twigg as chief actuary. He was a director of Crown Financial Management. Mr Graham Bolton becomes manager, financial institutions.

■ AIR LONDON has promoted three executives to directors: Mr David Savile (operations); Mr Alan Marler (marketing); and Mr Tim Procter (sales).

■ Mr David Wernick, construction division director on the main board of the WERNICK GROUP, has been appointed chairman of its latest acquisition, Swiftplan.



Mr Ray Combs *(above)* has been appointed managing director of AA-BRS SERVICES, Birmingham. He was general manager. Jointly owned by the AA and British Road Services, the company provides a pay-for-use road rescue service for fleet cars.

■ Mr Chris Thomas has been appointed managing director of TEDDINGTON CONTROLS, St Austell, a *Hanson company*. He was production director.

■ THE ROYAL BANK OF CANADA has appointed Mr David P. Pritchard as senior vice president and general manager, Europe, based in London.

■ HFC BANK has appointed Mr Brian Preffitt as director of information technology.

German joins Stock Exchange council

■ Mr Piet-Jochen Etzel has been appointed as its first German lay member by the council of the INTERNATIONAL STOCK EXCHANGE. He is a vice chairman of the Frankfurt Stock Exchange (a post he is expected to relinquish), and a member of the board of managing directors of Dresdner Bank. He has worked for the bank in London, Luxembourg, Frankfurt and Berlin, and was a member of the board of the Berlin Stock Exchange from 1980-82.

■ JOHN DEE, Durham, has appointed Mr Derek Ford to the new post of group development and marketing director. He was a managing director with the Archbold Group.

■ Mr David Cottier has been appointed commercial director of wound management systems at BEAM TECH, Chester. He was head of research and development at *Geistlich & Sons*.

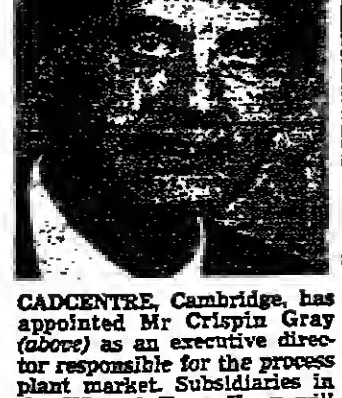
■ BARCLAYS BANK has appointed Mr John Whicker as director overseas from September 8. He succeeds Mr Huw Manton who is retiring.

■ RELATIONAL TECHNOLOGY INTERNATIONAL, which markets Ingres, a database system, has appointed Mr Michael Hedger as commercial sales director. He was sales manager at Wang UK.

■ Mr Peter Tynan has been appointed company solicitor and deputy company secretary of GMED, Manchester. He was *assistant legal adviser* with Co-operative Bank.

■ THE ELGIN GROUP, backed by 3i, has appointed Mr David Cobb and Mr Glyn Rowlands to the board.

■ Mr Brian Smith has been appointed finance director of STYLE CONFERENCES.



CADCENTRE, Cambridge, has appointed Mr Crispin Gray *(above)* as an executive director responsible for the process plant market. Subsidiaries in the US and Hong Kong will report to him. He was president and chief executive of Cambridge Interactive Systems.

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Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Capital & Equity	5	64.11	67.29	71.58	+0.04	2.64
European	5	74.28	74.78	79.91	-0.32	0.09
Far Eastern	5	64.93	67.05	71.03	-0.17	0.62
Growth Inc	5	89.71	93.06	98.97	-0.08	1.99
Growth Acc	5	89.71	93.05	98.44	-0.08	1.99
Income Inc	5	84.65	86.91	92.45	-0.05	4.59
Income Acc	5	84.79	87.03	92.56	-0.05	4.59
Property Share	5	52.94	55.94	59.02	-0.36	1.00
Smaller Cos	5	54.41	54.99	58.99	-0.71	1.31
Nth American	5	68.11	68.11	72.84	-0.5	1.31
Internat'l Inc	5	49.87	49.87	53.53	-0.07	1.40

Wright Seligman Fund Mngrs Ltd (1700)F
11 Blomfield St, London EC2M 7AY 01-588 0502

Intl Growth	5	115.42	115.42	120.42	....	0.89

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602259

Yorkshire General	5½	65.11	67.51	71.82	-0.12	2.53
YUTM Intl Eqty Inc	5½	62.42	64.74	68.87	-0.01	4.00
YUTM Intl Gwth	5½	53.53	53.53	57.12	-0.37	0.73

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Int'l Expt June 7	485.5	505.01	....	—

Cent. Bd. of Fin. of Church of England
3 Fore Street, London EC2Y 5AQ 01-588 1815

Inv Fund July 31	558.95	....	4.55
Fxd Int Sec July 31	142.05	....	10.87
Deposit July 31	100.00	....	13.25

Charinco/Charishares (1000)F
33 King William Street, EC4R 9AS 01-280 2800

C'inco Inc Aug 16	169.4	173.7	+0.50	10.29
C'inco Acc Aug 16	695.0	712.4	41.40	10.29
C'share Inc Aug 16	162.0	168.0	-2.00	3.97
C'share Acc Aug 16	178.0	304.8	-0.90	3.97

Charities Official Invest. Funds
2 Fore Street, London EC2Y 5AQ 01-588 1815

Income July 31	524.04	....	4.79
Accum July 31	1714.96	....	—

Edinburgh Fund Mngrs PLC

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Albany Life Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Sunrise Macro	132.3	139.2	-2.0	—
UK Macro	124.2	130.7	-0.4	—
N Am Pn Fd Acc(a)	262.9	276.7	-7.5	—
Pac Basin Fd Acc(a)	190.0	200.0	+0.2	—
Property(z)	600.7	632.3	+13.1	—
Multi Inv Pens Acc(z)	1525.8	1606.0	-9.2	—
Broker Funds				
Prof Pen. Fd	101.1	106.3	-0.7	—
YRA Strategy	124.9	131.4	-0.7	—
YRA Performance	107.9	113.1	-0.3	—
Leighton Dollar (SD)	141.7	149.1	-1.2	—

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

Fixed Int. Dep. Acc	264.7	278.7	+0.1	—
Equity Acc	914.5	962.7	+0.5	—
Property Acc	508.7	535.5	+0.1	—
Far East Acc	217.9	229.4	-1.0	—
European Acc	24.7	26.0	-0.1	—
Managed Acc	715.0	752.7	+0.3	—
Managed Cap	404.6	425.9	+0.2	—
O'seas Earnings Acc	610.6	642.0	+0.8	—
Gilt Edged Acc	323.4	340.5	+0.9	—
American Equity Acc	485.7	511.3	-4.9	—
American Man. Acc	224.5	236.4	-2.7	—
American Prop Acc	150.6	158.6	-0.6	—
Pen. F. I. Dep Cap	292.2	307.6	....	—
Pen. F. I. Dep Acc	503.9	530.5	+0.2	—
Pen. Prop. Cap	595.8	627.2	....	—
Pen. Prop. Acc	1135.4	1195.2	+0.1	—
Pen. Man. Cap	877.0	923.2	-2.8	—
Pen. Man. Acc	1649.5	1737.4	-5.1	—
Pen. Gilt Edg. Cap	322.6	339.6	+0.6	—
Pen. Gilt Edg. Acc	502.3	528.8	+1.4	—
Pen. Eq. Cap	1453.4	1529.9	-5.6	—
Pen. Eq. Acc	2097.0	2207.4	-7.8	—
Pen. Am. Eq Cap	161.5	170.1	-2.5	—
Pen. Am. Eq Acc	196.6	206.8	-3.0	—
Pen. Far East Cap	260.1	273.8	-1.7	—
Pen. Far East Acc	316.3	333.0	-2.0	—
Pen. Euro Cap	29.1	30.7	-0.1	—
Pen. Euro. Acc	31.9	33.6	-0.1	—
Pen. B.S. Acc	553.7	581.4	+0.2	—
Pen. B.S. Cap	330.8	346.6	+0.1	—
Pen. D.A.F. Acc	307.3	307.3	+0.2	—
Pen. D.A.F. Cap	259.1	259.1	....	—
Pen. Mortgage Cap	148.5	156.4	....	—
Pen. Mortgage Acc	180.6	190.2	+0.1	—

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INSURANCES

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Continued on next page

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Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	130.0	137.0	-2.0	-
Building Soc. Fd	173.0	183.0		-
Balanced	292.0	308.0		-
European	186.0	196.0	-1.0	-
GT Managed	180.0	190.0		-
Gartmore Mngd	127.0	134.0		-
German	134.0	142.0		-
Gilt	124.0	194.0		-
Global	50.0	53.0		-
High Inc	121.0	128.0		-
International Equity	202.0	213.0	-1.0	-
Japan	264.0	278.0	+1.0	-
Managed	64.0	68.0		-
Property	288.0	304.0		-
R W Imperial Gold	152.0	160.0		-
UK Equity	371.0	391.0		-
Pension Funds				
American	157.0	166.0		-
Building Soc. Fd	174.0	184.0		-
Balanced	225.0	237.0		-
European	187.0	197.0		-
German	117.0	124.0		-
Gilt	150.0	167.0		-
International Equity	148.0	156.0		-
Japan	146.0	154.8		-
Managed	68.0	72.0		-
Property	221.0	233.0		-
UK Equity	339.0	357.0		-

Professional Life Assurance Co Ltd
Frobisher Hse, Nelson Gate, Southampton 0703 232323

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Managed Fund	96.41	101.91	-0.31	-
Pensions Cash Fund	79.12	83.28	+0.02	-

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	620.6	654.0	-2.0	-
Adventurous Mngd	134.5	141.8	-0.6	-
Secure Mngd	112.5	118.6	-0.2	-

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	595.4	627.3	+0.7	-
Equity	870.9	916.8	+5.0	-
Global Equity	255.8	269.3	-2.0	-
Fixed Interest	418.0	440.0	-1.3	-
Property	401.6	422.8		-
Cash	159.8	168.3		-
Index Linked Gilt	205.7	216.6		-
Guaranteed	12.50			-
International Money	206.0	216.4	+0.2	-
North American	82.7	87.1	-1.2	-
Japanese	153.1	161.2	-0.5	-
European	102.6	108.1	-0.3	-
Special Situations	124.3	130.9	+0.1	-
Communications	111.7	117.6	-0.7	-
Smaller Companies	116.4	122.6	-0.2	-
International Small Cos	142.2	149.7	-0.8	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-548 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Aug 16	£165.09	170.86		-
Equity Aug 16	£181.33	188.74		-
International Aug 16	£28.05	28.97		-
Intl Bond Aug 16	£12.77	12.94		-
Fixed Int Aug 16	£74.42	75.41		-
Index Linked Aug 16	£63.69	64.48		-
Property Aug 16	£113.78	120.47		-
Cash Aug 16	£21.3552	21.3552		-
Pru-Linked Retirement Plan				
Managed Aug 15	402.5	419.3		-
Cash Aug 15	200.5	208.9		-
Prudential Pensions Investment Account				
Pens Mngd Aug 22	163.9	176.3	-0.1	-
Pens UK Eq Aug 22	323.0	348.8	-0.3	-
Pens Intl Aug 22	197.3	212.5	+0.1	-
Pens Fixed Aug 22	172.2	182.1	-0.1	-
Pens Index Lk Aug 22	163.2	172.7	+0.4	-
Pens Cash Aug 22	130.9	137.9		-

Regency Life Assurance Co Ltd
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflio Fd	124.3	130.8	-0.5	-
Balanced Ptflio Fd	326.2	343.3	-1.0	-

Scottish Amicable—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Exempt Intnl. Mit.	216.7	228.2	-1.1	-
Do Accum	341.5	359.5	-1.5	-
Exempt Prop. Init	158.8	167.2	+0.2	-
Do. Accum	250.1	263.3	+0.4	-
Exempt Cash Init	128.9	135.7	+0.1	-
Do. Accum	203.0	213.7	-0.2	-
Exempt Man. Init	233.4	245.7	-0.7	-
Do Accum	367.6	387.0	-1.0	-
Building Society Fd	115.5	121.6	+0.2	-

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	179.0	188.5	-0.3	-
UK Equity	166.2	175.0	+0.4	-
International	194.5	204.8	-0.8	-
American	150.9	158.9	-1.2	-
European	192.6	202.8	+0.1	-
Japan	248.4	261.5	-1.9	-
Pacific	233.0	246.2	-1.3	-
Technology	179.9	189.4	-1.1	-
Fixed Interest	126.8	133.5	-0.2	-
Indexed Linked	111.7	117.6	-0.1	-

Skandia Life Assurance Co Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Japanese Special	110.3	116.1	-0.3	-
North American	125.4	132.0	+0.1	-
Pacific	114.2	120.2	-0.7	-
Smaller Companies	103.1	108.5	+0.1	-
Smaller Cos Dividend	97.8	102.9	+0.1	-
UK Equity Growth	108.9	134.6	+0.2	-
Managed	112.8	118.7	-0.3	-
Skandia MIM Britannia Funds				
Growth Gilt	123.5	129.9	+0.1	-
Intl Recovery	178.1	187.4	-0.1	-
Great British Co's	102.2	107.5	+0.2	-
Smaller Companies	183.0	192.6	+0.5	-
Special Features	87.5	92.1	-0.2	-
UK Income	248.6	261.6	+0.8	-
Extra Income	205.3	216.1	-1.6	-
Income and Growth	232.5	244.7	+0.5	-
Gilt	125.7	132.3	+0.1	-
Pref Shares	171.7	180.7	+0.1	-
Commodity Shares	102.0	107.3		-
Financial Securities	138.9	146.2	-0.1	-
Gold	64.6	67.9	-0.2	-
Intl. Leisure Mark	189.8	199.7	-0.3	-

Target Life Assurance Co Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Australian	31.0	32.7		-
Japan & General	439.9	463.1	-2.7	-
Commodity	117.4	123.6	-1.2	-
Gold	79.9	84.2	-1.1	-
Financial	232.9	245.2	-1.4	-
Income	294.9	310.5	-1.5	-
UK Capital	207.1	218.0	-1.5	-
Convertible	111.4	117.3	-0.9	-
Preference	207.8	218.8	-0.6	-
International Bond	88.7	93.4	-0.3	-
European Spec. Sits.	183.6	193.3	-0.6	-
Sterling		9.8		-
Residential Property	91.2	96.0		-
Pension Funds				
Managed Pension	1577.9	1660.6	-2.8	-
Gilt Pens	450.6	474.4	+1.0	-
Property Pens	1023.7	1077.6	-1.9	-
Equity Pens	613.5	645.8	-3.8	-
Index-L Plan	163.7	172.4	+0.2	-
Gold Pen	341.3	359.3	+0.5	-
Leicester Retirement	214.4	225.7		-
Deposit Pension	110.5	116.5	+0.2	-

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	98⅞	Exch 11pc 1989	99	–1/32	11.03	12.80
99	95¼	Treas 5pc 1986-89	99	.....	5.04	10.25
99	98¾	Exch 10¼ pcCv '89	99	.....	10.33	13.06
101	99	Treas 13pc 1990‡‡	100	–	12.97	12.12
131	124	Treas 2pc IL '90(84.6)	131	–	2.09	9.98
99	98	Exch 11pc 1990‡‡	99	–	13.07	12.39
101	99	Exch. 12½pc 1990	100xd	.....	12.50	12.66
95	91	Treas. 3pc 1990	95	.....	3.13	9.34
97	95	Treas 8¼pc 1987-90‡‡	97	.....	8.45	11.36
98	95¼	Treas. 8pc Cv 1990 ‡‡	97	–	8.20	10.91
98	96	Treas. 10pcCv 1990	97	–	10.21	11.86
93	87	Exch 2½pc 1990	93	.....	2.67	7.78
101	98	Treas 11½pc 1991	100	.....	11.73	11.56
93	89	Funding 5¾pc '87-91‡‡	93	.....	6.14	10.07
90	86	Treas. 3pc 1991	90	.....	3.31	8.91
100	95	Treas 10pc Cv '91 ‡‡	97	.....	10.22	11.28
101	97	Exch. 11pc 1991	99	–	11.03	11.12
94	91	Treas. 8pc 1991	93	–	8.52	11.04
106	102	Treas 12¾pc 1992‡‡	104	–	12.23	10.66
99	95	Treas 10pc 1992	98	–	10.16	10.73
94	91	Treas. 8pc 1992 ‡‡	93	–	8.54	10.77
100	96	Treas 10½pc Cv 1992‡‡	99	–	10.56	10.72
85	82	Treas. 3pc 1992	85	.....	3.51	8.93
105	101	Exch. 12¼pc '92	103xd	–	11.79	10.69
109	104	Exch 13½pc 1992	107xd	–	12.57	10.62
94	90	Treas 8¼pc 1993	93	–	8.82	10.48
100	95	Treas 10pc 1993‡‡	98	–	10.11	10.34
108	103	Treas 12½pc 1993‡‡	106½	.....	11.73	10.39
88	84	Funding 6pc 1993‡‡	88xd	.....	6.83	9.68
113	108	Treas 13¾pc 1993‡‡	111	–	12.33	10.31
94	89	Treas. 8½pc 1994	93	–	9.09	10.34
117	112	Treas 14½pc 1994‡‡	115xd	–	12.57	10.18
113	107	Exch 13½pc 1994	111	–	12.11	10.33
100	95	Treas. 10pc Ln. 1994‡‡	99	–	10.07	10.17
110	104	Exch. 12½pc 1994	108xd	–	11.54	10.33
		Five to Fifteen Years				
96	91	Treas 9pc 1994‡‡	95	.....	9.44	10.16
108	102	Treas 12pc 1995	106	–	11.23	10.29
79	74½	Exch 3pc Gas 90-95	77	.....	3.90	8.07
101	95	Exch. 10¼pc 1995	100	–	10.23	10.20
113	107¼	Treas 12¾pc 1995‡‡	111	–	11.40	10.12
119	112	Treas. 14pc '96	117	–	11.96	10.27
97	91	Treas. 9pc 1992-96‡‡	95xd	–	9.40	9.90
126	119	Treas 15¼pc 1996‡‡	124	–	12.28	10.17
117	110	Exch 13¼pc 1996‡‡	114	–	11.54	10.15
101	94	Conversion 10pc 1996	99	+	10.03	10.05
118½	110	Treas 13¼pc 1997‡‡	116	+	11.43	10.13
104	97½	Exch 10½pc 1997	102	+	10.26	10.04
95	88	Treas 8¾pc 1997‡‡	94	+	9.31	9.84
128	120	Exch 15pc 1997	125	+	11.92	10.25
100	93	Exch. 9¾pc 1998	98	+	9.86	9.99
84	78	Treas 6¾pc 1995-98‡‡	83	.....	8.07	9.55
134	125	Treas. 15½pc '98‡‡	131	+	11.79	10.12
113	105	Exch. 12pc 1998	111	+	10.77	10.06
100	93	Treas 9½pc 1999‡‡	98	+	9.62	9.69
115	107½	Exch. 12¼pc 1999	113	–	10.80	10.04
105	97	Treas. 10½pc 1999	103	.....	10.15	9.93
104	96	Conversion 10¼pc 1999	102	+	10.04	9.90
94	86	Treas. 8½pc Ln 2000‡‡	92	+	9.20	9.66
97	90	Conversion 9pc 2000‡‡	95	+	9.42	9.69
122	113	Treas. 13pc 2000	119	+	10.92	10.07
103	95	Treas 10pc 2001	101xd	+	9.88	9.81
124	115	Treas. 14pc '98-01	121	+	[illegible]	10.21
102	94	Conversion 9¾pc 2001	99	+	[illegible]	9.76
113	105	Exch. 12pc '99-02	111	+	[illegible]	10.09
104	96	Conversion 10pc 2002	102	+	[illegible]	9.71
102	94	Treas 9¾pc 2002	100xd	+	[illegible]	9.68
97	89	Exch. 9pc 2002	95	+	[illegible]	9.61
126	117	Treas. 13¾pc 2000-03	123	+	[illegible]	10.13
105	97	Treas 10pc 2003	103xd	+	[illegible]	9.57
113	104	Treas. 11½pc 2001-04	110xd	–	[illegible]	9.93
106	97	Treas. 10pc 2004	103	+	[illegible]	9.52
59	55	Funding 3½pc '99-04	58	.....	[illegible]	8.48

Over Fifteen Years

BRITISH FUNDS – Contd

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	94¼	Conversion 9½pc 2004	100	–	9.47	9.45
103	94½	Conversion 9½pc 2005	100	–	9.44	9.42
111	102	Exch.10½pc 2005	109xd	–	9.63	9.40
125	115	Treas. 12½pc 2003-05	122	–	10.23	9.59
90	82	Treas. 8pc 2002-06‡‡	88	–	9.03	9.35
105	97	Conversion 9¾pc 2006	103	–	9.43	9.34
118	109	Treas. 13¾pc 2003-07	116	–	10.13	9.60
96	87	Treas 8½pc 2007 ‡‡	94	–	9.05	9.19
134½	123	Treas. 13½pc '04-08	131½xd	.....	10.31	9.53
101	92	Treas. 9pc 2008 ‡‡	98	–	9.12	9.14
92	84	Treas 8pc 2009	90xd	–	9.90	9.10
102	93	Conv 9pc Ln 2011 ‡‡	99	–	9.05	9.05
68	62	Treas. 5½pc 2008-12‡‡	66xd	.....	8.25	8.93
89	82	Treas. 7¾pc 2012-15‡‡	87	.....	8.90	9.05
132	121	Exch. 12pc '13-'17	128	–	9.35	9.08
		Undated				
45	41½	Consols 4pc	43½	.....	9.20	–
40	36	War Loan 3½pc‡‡	38	.....	9.00	–
70	60	Conv. 3½pc '61 Aft.	65	.....	5.33	–
41	31	Treas. 3pc '66 Aft.	34	.....	8.59	–
30¼	26	Consols 2½pc	27	.....	9.05	–
29½	25	Treas. 2½pc	27	.....	9.13	–

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
112	103	Tr. 2pc '92‡‡(97.8)	112xd	.....	1.68	2.76
105	94	Do. 2 '94 (102.9)	105	.....	2.27	2.86
155	139	Do. 2pc '96(67.9)	154xd	–1	2.65	3.06
130	118	Do 2½pc '01(78.3)	130xd	+	3.12	3.39
127	115	Do. 2½pc '03(78.8)	127	–	3.21	3.44
131	117	Do. 2pc '06(69.5)	131	–	3.28	3.47
122	110	Do. 2½pc '09(78.8)	122	–	3.29	3.47
128	114	Do. 2½pc '11(74.6)	127	–	3.30	3.47
106	95	Do. 2½pc '13(89.2)	106	–	3.28	3.44
115	101	Do. 2½pc '16(81.6)	115	–	3.26	3.41
112	100	Do. 2½pc '20(83.0)	112	–	3.24	3.37
95	84	Do. 2½pc '24‡‡(97.7)	95	–	3.20	3.32

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1988: 110.3 and for July 1989: 115.5.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	99½	African Dev Bk 11¼ Ln 2010	106	–	10.47	10.37
104	96½	Asian Dev Bk 10¼pcLn2009	102	–	10.02	9.98
130	119	Australia 13½pc 2010	126xd	–	10.68	10.38
113	102	Do. 11½pcLn2015	109½	–	10.39	10.31
108	99	Euro Inv Bk 11pc Ln 2002	105	–	10.40	10.19
104	95	Do. 10¼pc2004	101½	–	10.22	10.17
119	109	Int-Am Dev Bk 12½pc 2003	115	–	10.86	10.38
99	90	Do. 9¾pcLn 2015	97	–	10.03	10.05
97½	91½	Malysia 10¾ pcLn 2009	95xd	.....	11.32	11.39
120	115	Utd. Mexican States 16½pc 2008	115	.....	14.35	14.20

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	99½	Birmingham 13½pc 1989	99½	.....	13.57	11.20
111½	102½	Do. 11½pc 2012	107½	.....	10.70	10.60
91	86½	GLC 6¾pc 1990-92	89½xd	.....	7.54	11.70
124½	114½	Leeds 13½pc 2006	121½	.....	11.11	10.72
33	30	Liverpool 3½pc Irred.	30	.....	11.67	–
95½	92	LCC 6¾pc '88-90	95½	.....	7.07	10.90
30	27	Do. 3pc '20 Aft.	28xd	.....	10.71	–
107½	101½	Manchester 11½pc 2007	105½xd	.....	10.90	10.80

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988-92	89¼	.....	8.12	11.60
206	206	S Rhod 2½pc Non-Asstd.	206	.....	–	–
84½	84½	Do. 4½pc 87-92 Asstd.	84½	.....	5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	98	N'wide Anglia 13¾pc 29.8.89	99	.....	13.57	14.08
99¾	99	Do. 12⅞pc 18.9.89	99¼xd	.....	12.41	13.62
99	99	Do. 12pc 2.10.89	99	.....	12.35	13.92
99	98	Do. 11pc 6.11.89	99	.....	11.89	13.95
100	98	Do. 12pc 4.12.89	99	.....	12.39	13.81
100	99	Do. 12pc 2.1.90	99	.....	12.87	13.82
100	98¼	Do. 12pc 29.1.90	99	.....	12.64	13.76
100	98¾	Do. 12pc 26.2.90	99	.....	12.76	13.75
100	98	Do. 12⅞pc 19.3.90	99	.....	12.93	13.84
100	99	Do. 13¼pc 23.4.90	99	.....	13.42	13.72
100	99	Do. 13pc 14.5.90	99	.....	13.09	13.71
100	98¾	Do. 13pc 4/6/90	99	.....	13.70	13.67
100	100	Do. 14pc 2.7.90	100	.....	14.24	13.59
100	100	Do. 13⅝pc 23.7.90	100	.....	13.62	13.48
105¼	98½	[illegible] 3⅞pc IL Ln 2021	105¼xd	+½	[illegible]	4.40

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
47	45	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.62

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	f8.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	.....	3	f7.50
45	40	Do 4pc Mixed Ass.	40xd	.....	2	f5.00
80	65	Hung. '24 Ass.	80	...	2.75	f3.57
139	128	Hydro Quebec 15pc 2011	135½	–	13.00	10.74
128	118	Iceland 14½pc Ln 2016	126xd	–	14.50	11.35
97¾	91½	Ireland 9¾pc '91-96	92¾xd	–½	9.75	11.30

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
40	26½	Abbott Laboratories	39xd	–1	$1.40	–	2.2
579p	361p	♦Allegheny & W 1c.	462p	.....	30c	–	4.1
17	12	Amax $1	17xd	–	80c	–	2.9
11	6	Ambase Corp $1	10xd	–	20c	–	1.3
15	865p	Amdahl 5c.	936p	–20	h10c	–	0.7
37	25½	Amer. Cyanamid $5	36½	–	$1.35	–	2.3
23	14	Amer. Express 60c	23xd	–	84c	–	2.3
16	854p	Amer. Medical Int. $1	15	–	472c	–	2.0
25	15	American T & T. $1	24	–	$1.20	–	3.1
39	26	Ameritech $1	38	–	h$2.92	–	4.8
19	9	BankAmerica $1	19xd	–	60c	–	1.9
34	19	Bankers N.Y. $1	31xd	–1	$2.08	–	4.1
61	38	Bell Atlantic $1	60	–1	$4.08	–	4.2
33	19	BellSouth Corp.	31	–	$2.52	–	5.0
15	12	♦Bethlehem Steel $8	13xd	–½	–	–	–
11	868p	♦Bio-Rad Labs. A	10	.....	–	–	–
20	15	Bowater Inc.	19	–	$1.12	–	3.7
12	9	Brunswick 75c	10xd	–	44c	–	2.6
42	28	CPC Intnl. 25c	40½	–1	$1.60	–	2.5
790p	333p	California Engy.	605p	+28	–	–	–
36	17½	Campbell Soup 15c	33xd	–1	92c	–	1.8
25	15	Chase Manhattan $12½	24xd	–	$2.36	–	6.2
24½	17	Chem. Banking Corpn.	23	–	$2.72	–	7.3
16	13	Chrysler $6¼	15xd	–	$1.20	–	4.8
22	14	Citicorp $1	19xd	–	$1.62	–	5.2
230p	107p	CityFed Fin. Corp.	167p	.....	4c	–	1.5
36	25	Colgate-Palmolive $1	36½xd	–	s$1.46	–	2.6
17	10	Cont'l Bank Corp $4	16	–	80c	–	3.2
387½p	218p	♦Corporate Data Scnce.	299p	.....	–	–	–
597p	278p	Cullinet Sftwr 1c.	502p	.....	–	–	–
27	21	Dana Corp. $1	26	–	$1.60	–	3.9
12	854p	Data General	975p	–25	–	–	–
38	28	Dun & Bradstreet $1	36	–	$2.00	–	3.5
41	30½	Eaton Corpn. 50c	41½	–	h$2.00	–	3.0
11	8	Echlin Inc.	10	–	70c	–	4.1
20	16	FPL Group 1c	20½xd	–	$2.28	–	7.2
32	27	Ford Motor $1	32½xd	–	$3.00	–	5.8

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

ISLE OF MAN (**)

LUXEMBOURG (**)

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS – Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
36⅞	24¼	Gen. Elect. 63c	35⅞	–1	$1.64	–	2.9
568p	460p	♥General Host Corp $1	565p	.....	30c	–	3.4
39⅜	18¼	Gillette $1	20½	–⅜	96c	–	2.2
987p	601p	Gt American Bank Bk $1	830p	+2	60c	–	4.6
23⅝	16⅞	Greyhound $1½	22⅞	+⅛	$1.32	–	3.7
14¼	847p	Hasbro Inc 50c	13½	–⅛	16c	–	0.7
56¼	32¼	Honeywell $1½	55	–1⅜	$2.10	–	2.4
21⅝	15¼	Houston Inds.	21	–¼	$2.96	–	8.9
74⅛	63⅞	IBM Corpn $1¼	71⅞	–1⅞	$4.84	–	4.3
60p	45p	Image Storage/R.Sys.1c	55p	–3	–	–	–
30⅞	18¾	Ingersoll-Rand $2	50⅛	–½	$1.20	–	2.5
33	22½	Lockheed Crpn. $1	31	–⅞	$1.80	–	3.7
22⅝	15⅞	Lone Star Inds $1	21⅝	–¼	$1.90	–	5.6
26	17½	Louisiana Land 15c	24¼	–1¼	$1.00	–	2.6
18½	11½	Lowe's 50c	10½	–⅜	48c	–	1.7
26⅞	15⅞	Manuf. Hanover $1	25⅞	–½	$3.28	–	8.0
22⅝	13⅞	Merrill Lynch $1	21⅝	–⅝	$1.00	–	2.9
2352p	1910p	Mplex Inc.	2298p	–25	3.2c	–	–
27⅞	18⅛	Morgan (JP) $2½	25¼	–⅞	$1.66	–	4.1
101⅞	98⅞	Morris (Philip)	98⅞	–1½	$4.50	–	2.9
54½	36⅛	NYNEX $1	50	–¼	$4.36	–	5.5
24⅝	18⅝	PHH Corp.	24	+⅛	$1.12	–	5.0
259p	180p	♥Pacific Agr.	180p	.....	–	–	–
27¼	19	Pacificorp $3¼	26¼	–⅛	$2.76	–	6.4
28½	16⅞	Pacific Telesis 10c	20⅛	–⅜	$1.88	–	4.2
22¼	15¼	Pall Corp 25c	28½	–¼	48c	–	1.5
55⅜	39⅞	Pennzoil 83 1/3c	52⅞	–1⅛	$3.00	–	3.6
42¼	28⅜	Quaker Oats $5	39⅞	–1⅛	$1.20	–	1.9
32⅜	23½	Rep NY Corpn $5	31½	–¼	$1.28	–	2.6
15⅛	11⅞	Rockwell Intl. $1	14⅛	–⅜	78c	–	3.5
35½	21⅜	Southwestern Bell $1	34¼	–1	$2.60	–	4.8
27⅜	17⅞	Sun Co Inc. $1	23⅞	–⅝	$1.80	–	4.9
30¼	22⅞	TRW Inc. 62½c	30¼	–½	$1.72	–	3.6
22⅞	14⅜	TW Services $5	22⅞	.....	10c	–	0.3
38⅞	26¼	Tenneco $5	37⅛	–1⅛	$3.04	–	5.2
35⅞	28	Texaco $6.25	33½	–⅞	$3.00	–	5.7
28⅞	21⅛	Texas Instr. $1	23⅞	–⅞	[illegible]	–	1.9
117⅞	58⅛	Time Inc. $1	88⅛	–2⅛	$1.[illegible]	–	0.7
18⅞	15⅞	TRINOVA Corp	30¼	–⅞	[illegible]	–	2.4
24¼	16	USX $1	21⅞	–⅞	$1.[illegible]	–	4.2
252p	126p	♥Unilab	252p	.....	–	–	–
35	22⅛	Utd. Technologies	34	–⅞	$1.[illegible]	–	3.0
158p	128p	♥Utilitech Inc.	149p	.....	–	–	–
46½	31½	US West	44½	–1	$3.7[illegible]	–	5.4
37⅝	22⅝	Waste Management $1	36¼	–⅞	[illegible]	–	0.8
20¼	13½	Whirlpool $1	19	–¼	$1.1[illegible]	–	3.7
24⅛	16⅞	Whitman Corp	21⅞	–½	$1.[illegible]	–	3.1
41¼	28⅛	♥Woolworth $3½	39⅜	–1⅛	$1.[illegible]	–	3.0

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
168p	129p	♥ABM Gold Corp	156p	.....	–	–	–
25½p	4½p	♥Abbot Energy Corp	25p	.....	–	–	–
16½	902p	♥Amer. Barrick Res.	16½	.....	–	–	–
28p	10½p	♥Armeno	17p	.....	–	–	–
344p	94p	♥Asiamerica Hldgs	318p	.....	–	–	–
33¼p	8½p	♥Augmitto Expln	16p	.....	–	–	–
18⅛	12⅞	Bk. Montreal	10¼	.....	$2.12	–	6.0
10¼	655p	Bk. Nova Scot.	978p	–4	92c	–	4.8
821p	599p	♥BC Gas $1	812p	.....	60c	–	3.8
22⅛	17	BCE	22⅛	–⅛	$2.44	–	5.6
848p	570p	♥Bow Valley	743p	–8	40c	–	2.8
17	12⅛	♥Brascan	16½	–¼	88c	–	2.7
228p	144p	♥Breakwater Res.	132p	.....	10c	–	3.4
17¼	11⅛	Can.Imp Bank	16⅛	–⅛	$1.24	–	3.9
588p	374p	Central Capital "A"	585p	+3	–	–	–
499p	340p	♥Corona Corp	497p	+3	–	–	–
381p	228p	♥Cons TVX Min.	379p	.....	–	–	–
775p	524p	♥Derlan Inds.	650p	.....	11.75c	–	0.9
10⅛	751p	♥Echo Bay Mines	10½	.....	$0.07	–	0.4
572p	336p	♥ECO Corp	454p	.....	–	–	–
236p	173p	♥Galactic Resources	173p	.....	–	–	–
417p	243p	Gandalf Techs. Inc.	395p	–7	–	–	–
186p	129p	Granges Inc.	176p	.....	–	–	–
27½p	5¼p	♥Gt Pacific Res.	8p	.....	–	–	–
812p	651p	♥Gulf Canada	770p	+49	52c	–	3.5
14½	10¼	♥Hawker Sid Can	14½	+¼	$1.08	–	3.8
653p	348p	♥Healys Group	620p	+11	–	–	–
18⅞	11⅛	♥Hudson's Bay	18	+⅛	60c	–	1.7
31½	23	♥Imperial Oil	30⅛	–¼	$1.80	–	3.1
22¾	14⅛	Inco	22½	–¼	s$0.80	–	2.2
290p	102p	♥Madeleine Mines	179p	.....	–	–	–
193p	121p	♥Muscocho Expln.	136p	+1	–	–	–
126p	84¼p	♥Nevada Goldfields	94p	–1	–	–	–
593p	522p	Nova Corp of Alberta	538p	.....	42c	–	4.0
14½	10⅞	♥Rio Algom	14⅛	.....	85c	–	3.0
25⅝	17¼	Royal Bk. Can.	24½	–1¼	$2.20	–	4.6
474	33⅛	Seagram	49½	–½	US$1.40	–	1.8
112p	74½p	♥Sonora Gold Corp	93p	.....	–	–	–
109p	42½p	♥Tara Pure Tech. Corp	58p	+1	–	–	–
11⅞	806p	Toronto-Dom. Bk	11½	+⅛	76c	–	3.4
897p	686p	♥Trans Can Pipe.	870p	–17	68c	–	4.0
184p	145p	Varity Corp	174p	+3	B	–	–

BANKS, HP & LEASING

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*278	216	ANZ $A1	219	–2	s†034½c	2.0	6.9	7.2
162	143	Abbey National 10p. α	147½	–1	L7.7	2.7	7.0	6.0
*182	120½	Allied Irish Ord. β	163	–2	h068%	3.3	4.4	9.5
£13½	£11⅛	Algemene Fl.10	£12⅞	–⅞	†027%	1.9	6.2	–
*80	61	Anglo Irish γ	75	.....	s012½%	4.0	5.3	12.7
79	75	Ansbacher (H.) 1p. β	75	.....	2.0	–	3.6	–
£68⅞	£38⅞	Bancaire Cie Fr100	£63	–⅞	0012¼%	–	1.6	–
£45⅞	£35⅛	Banco Bilbao Viz.	£45⅝	.....	Q35.7%	2.0	2.8	17.6
£33	£28	Banco de Santander	£31¼	.....	021%	2.4	2.4	17.1
*250	169	Bank Ireland Ir£1. β	231	–2	h012.3%	3.2	4.5	8.9
£19½	£17½	Bank Leumi	£19½	.....	–	–	–	–
350	345	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
110	88	Bank Scotland β	107	–1	3.8	3.6	4.7	7.8
111¼	102¼	Do. 9¼pc Ird Pf. γ	108¼	.....	9¼%	–	11.4	–
*67	52	Bank of Wales	54	.....	2.8	1.6	6.9	11.3
*526	404	Barclays £1 α	524	.....	†23.0	3.5	5.9	6.0
31	27	Benchmark 20p. γ	28	.....	1.63	1.0	7.7	16.1
354	334	Brown Shipley £1. β	345	.....	10.5	–	4.1	–
430	325	Cater Allen £1 β	385	.....	23.5	–	8.1	–
259	201	Chancery γ	222	.....	8.0	2.8	4.8	9.8
£18⅞	£14½	Commerzbk DM10	£16⅞	+¼	018%	–	3.5	–
*£28⅞	£22⅞	C'hgn.Hbk.Kr100	£24¼	–⅝	s015%	–	5.1	–
£16⅞	£12⅞	Dai Ichi K8k Y50	£15⅝	.....	015%	2.4	0.2	–
*£26¼	£156½	Deutsche Bk DM50	£218	+2⅞	Q24%	–	1.7	–
260	219	First Nat. Fin. 10p. β	227	–2	†11.5	2.8	6.8	6.4
134	110	FNFC 6.3pc CvRedPref γ	113	–2	6.3%	–	7.4	–
£16⅝	£14⅞	Fuji Bank Y50	£16⅝	.....	015.6%	♦	0.2	♦
295	253	Gerrard & National β	263	.....	18.5	–	9.4	–
144	113	Goode Durrant 5p. β	127	–2	4.5	–	4.7	–
147	118	Guinness Mahon 10p β	145	.....	♦1.2	–	1.1	–
255	198	Hambros 20p β	208	–2	10.0	–	6.4	–
101	96	Do. 7.5pc Cv Pf. γ	96	–1	7½%	–	10.4	–
52	39	HK & Shang. HK$2.50	45	.....	HQ36c	–	6.5	–
495	470	Joseph (Leo) £1 γ	480	.....	15.85	–	4.4	–
140	128	King & Shaxson 20p. γ	128	–2	9.25	–	9.6	–
344	277	Kleinwort Benson Grp. β	328	–2	14.0	–	5.7	–
404	321	Lloyds £1 α	403	+3	†16.8	4.5	5.6	5.3
48	40	Lon. Scot. Bank 10p. γ	44	.....	†2.05	1.9	6.2	10.1
388	291	Midland £1 α	367	–6	†h16.4	3.3	6.0	6.8
£15¼	£12½	Mitsubishi Bank Y50	£14½	–⅛	015%	♦	0.2	♦
£14⅛	£11⅞	Mitsubishi Tst & Bk Y50	£13⅞	–⅛	016%	8.2	0.3	47.6
321	257	Morgan Grenfell £1 β	314	–3	10.85	–	4.6	–
*335	269	Nat. Aust. Bk. A$1	297	–2	s032c	1.5	5.2	12.9
346	255	Nat. West. 100p. α	340	–1	†h14.12	4.4	5.5	5.3
£210	£160	Ottoman Bank	£195	+3	Q90%	–	4.6	–
83	62	Rea Bros. Group γ	70	–1	0.5	–	1.0	–
*240	155	Rothschild (J) Hldgs. β	220	–1	9.5	3.3	5.8	6.9
455	348	Royal Bk Scotland α	429	.....	†15.0	4.9	4.7	5.9
£13¼	£10⅞	Sanwa Bank Y50	£13	+⅛	016%	♦	0.3	♦
175	124	Scandinavian Bk Units β	168	.....	18.5	–	6.9	–
1285	870	Schroders £1 γ	1275	+7	19.5	–	2.0	–
1005	655	Do. £1 N/V γ	990	+15	19.5	–	2.6	–
£32½	£19¼	Sec. Pacific $10	£30⅞	–⅛	0$1.96	–	4.0	–
*567	499	Standard Chartd. £1 α	548	.....	33.9	2.9	8.4	4.6
£19⅞	£15⅞	Sumitomo Bank Y50	£17⅞	–⅛	015%	7.5	0.2	69.0
£13⅞	£10⅞	Sumitomo Tst & Bk Y50	£12¼	–⅛	016%	8.1	0.3	44.3
133½	101	TSB α	113½	+1½	†5.24	3.1	6.2	7.0
234	164	TSB Ch'nel Is'l β	186	–1	†06.1	3.5	3.3	9.4
550	470	Union Discount £1 β	545	.....	30.0	–	7.3	–
395	277	Warburg (S.G.) β	391	–1	12.5	–	4.3	–
135	98	Do. 6pc Cnv Prf. γ	134	.....	6%	–	6.0	–
*284	226	Westpac $A1	245	.....	s033c	1.7	6.5	9.1
468	443	Wintrust 20p. γ	458	–5	7.8	♦	2.3	♦

Hire Purchase, Leasing, etc.

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
545	224	Anglo Grp. 10p. α	450	–1	5.0	3.8	1.5	19.1
£190	£152	Do. 9½pc 1999 γ	£168	.....	Q9½%	–	5.9	–
*373	240	CLF Yeoman 50p. γ	275	.....	tL024.6%	3.4	3.7	8.7
100	51	♦Capital Leasing Ir 10p γ	98	+1	L013.2%	♦	1.1	♦
78	55	Cattle's (Hldgs) 10p. β	67	–2	3.25	2.2	6.5	9.5
38	24	Equity & Gen 5p. γ	28	–1	1.5	1.7	7.1	(9.9)
365	312	Prov. Financial β	330	–2	18.0	2.1	7.3	8.9
220	100	♦Reliex Invs. Ir5p. γ	215	.....	Q26.4%	♦	0.5	♦
256	146	Secure Trust Grp 1p. γ	132	–1	W7.09	1.5	4.1	11.7
187	127	Woodchester IR20p. γ	165	–3	Q11½%	6.2	1.2	16.3

BEERS, WINES & SPIRITS

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
552	427	Allied-Lyons α	547	+5	15.0	2.2	3.7	14.1
£29	£17⅞	Anheuser-Busch $1	£27¼	–¼	72c	–	1.5	–
1132	793	Bass α	1123	–3	†23.5	3.4	2.8	13.9
[illegible]								

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES – Contd

Miscellaneous

THIRD MARKET

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
160	95	Seacon Hldgs.......y	144	–5	2.5	6.1	2.3	9.0
39	29	Sleepy Kids 5p......y	31	–1	–	–	–	–
*27½	5½	Staks Hldgs 5p.....y	7½	–½	–	–	–	13.0
*3¼	1¼	Swanyard Studios 1p y	2¼	+¼	–	–	–	●
13	6½	Systems Connection 2½p y	6½	–½	–	–	–	8.3
43	37	Tavern Leis. 20p....y	43	+1	–	–	–	–
115	28	Tomorrows Leisure 20p y	96	.....	–	–	–	47.8
19	11	Tullow Oil 10p......y	17½	–½	–	–	–	–
113	80	UPL Group 10p......y	100	–2	2.75	1.9	4.6	15.1
150	135	Unit Group..........y	146	.....	5.0	3.3	4.6	8.3
98	66	Video Magic Leis 1p y	52	–3	W2.0	0.7	2.9	74.6
14	5	Vista Ents 5p.......y	9	–¼	–	–	–	–
40	35	Vizcaya Hldgs 5p....y	35	.....	–	–	–	–
43	23	Whitegate Leisure 20p y	42½	.....	–	–	–	–
29½	10	Do Wrrnts..........y	28	–1	–	–	–	–
10¼	5	Wilton Group 1p....y	8	.....	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♣ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ǁ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

Stocks previously listed under Shipping are now included in the Transport sector, as are others heretofore dispersed under several other headings.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ..y	96	–1
Craig & Rose £1..y	830	.....
Finlay Pkg. 5p...y	86	.....
Holt (Jos) 25p...y	1343	.....

IRISH

Cap. 8½% Ln. 1991. y	£98½	.....
9pc Cap Ln. 1996.y	£100½	.....
Fin. 13% 97/02..y	£121½	.....
Arnotts..........y	420	.....
Carrol (P.J.)......y	160	.....
Hall (R. & H.).....y	168	.....
Heiton Hldgs......y	92	–1
Irish Ropes.........y	212	.....
United Drug ....y	150	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons.......y	30
Amstrad...........y	11
BAT................y	60
BOC Grp...........y	42
BSR ....y	6½
BTR................y	32
Barclays ....y	42
Blue Circle........y	24
Boots..............y	23
Bowaters..........y	44
Brit Aerospace ....y	52
British Steel ....y	7½
Brit. Telecom......y	21
Burton Ord ....y	18
Cadburys ....y	46
Charter Cons......y	48
Comm Union......y	32
Courtaulds ....y	30
FKI Babcock.......y	14
FNFC..............y	22
Gen Accident......y	65
GEC................y	20
Glaxo ....y	119
Grand Met........y	48
GUS 'A' ....y	90
Guardian ....y	18
GKN...............y	34
Hanson...........y	16
Hawker Sidd .....y	68
ICI.................y	100
Jaguar ....y	28
Ladbroke ....y	28
Legal & Gen......y	26
Lex Service.......y	33
Lloyds Bank.......y	29
Lucas Inds........y	50
Marks & Spencer ..y	15
Midland Bk........y	39
Morgan Grenfell...y	24
Nat West Bk.......y	25
P & O Ord.........y	55
Plessey............y	22
Polly Peck.........y	26
Racal Elect........y	20
RHM ....y	42
Rank Org Ord......y	80
Reed Intnl.........y	34
STC ....y	32
Sears..............y	10
Smithkline Bchm. A y	30
TI..................y	38
TSB................y	19
Tesco..............y	14
Thorn EMI.........y	58
Trust Houses ......y	24
T&N...............y	18
Unilever...........y	46
Vickers ....y	18
Wellcome..........y	42

Property

Brit Land..........y	32
Land Securities ...y	52
MEPC ....y	50
Randsworth ....y	28

Oils

Brit Petroleum.....y	21
Burmah Oil.........y	50
Calor..............y	33
Charterhall ....y	2½
Premier ....y	9
Shell ....y	32
Ultramar ....y	26

Mines

Cons Gold.........y	150
Lonrho............y	30
RTZ ....y	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar's outlook uncertain

THE DOLLAR finished towards the day's lows yesterday, having spent most of the day confined to a relatively narrow range. Trading volume was particularly lacklustre as many investors are away from the market during the holiday season.

The US unit opened on a slightly firmer note and edged higher on light buying to break through resistance at DM1.96. However, a 1.9 per cent fall in US durable goods orders in July pushed the dollar down initially since the figure contrasted sharply with expectations of a small rise. However, the downward trend was short lived because the June figure was revised to show a 1.4 per cent increase from the earlier 0.4 per cent rise. Despite the upward revision, the dollar's firmer trend was not sustained because investors switched out of the US unit during the afternoon, leaving it close to the day's lows and down from Monday's finishing levels.

The dollar closed at DM1.9415 from DM1.9515 but rose slightly in yen terms to Y142.55 from Y142.40. Elsewhere, it finished at SFr1.6735 from SFr1.6805 and FFr6.5525 from FFr6.5800. On Bank of England figures, the dollar's exchange rate index was unchanged at 71.3. The weaker tone in the afternoon came after speculation of a possible rise in West German interest rates after tomorrow's meeting of the West German Bundesbank central council meeting, the first since July 27.

Sterling was slightly firmer overall; its exchange rate index closed at 91.6 from 91.5 on Monday. The stronger tone was partly a reflection of investor interest in an otherwise featureless market. At times of relative stability, high yielding currencies tend to attact attention as a temporary haven for funds. UK interest rates are well above those offered on any other currencies within the European Monetary System or the US dollar.

The pound closed at $1.5845 from $1.5785 but eased slightly in D-Mark terms to DM3.0775 from DM3.0800. It was firmer against the yen at Y225.75 from Y224.75 but lower against the French franc at FFr10.3825 from FFr10.3875; it was unchanged against the Swiss franc at SFr2.6525. Attention is now likely to focus on the release today of UK trade figures for July. Most analysts are looking for a small contraction to around £1.8bn in the visible trade deficit from the £1.9bn shortfall recorded in June.

Trading in Frankfurt was relatively subdued, but the low volume meant that currencies tended to move more sharply than usual. Confidence in the D-Mark was undermined by recent political uncertainty within the ruling Christian Democratic Party.

The French franc was slightly weaker against the D-Mark, mainly as a result of rumours about a possible rise in German rates. The D-Mark rose to FFr3.3750, recovering from the one year low touched on Monday when it finished at FFr3.3730.

£ IN NEW YORK

Aug 22	Close	Previous Close
£ Spot	1.5730-1.5740	1.5710-1.5720
1 month	0.63-0.62pm	0.69-0.67pm
3 months	1.90-1.86pm	1.85-1.81pm
12 months	6.28-6.19pm	6.13-5.98pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.22	Previous
8.30 am	91.5	91.0
9.00 am	91.5	91.0
10.00 am	91.6	91.3
11.00 am	91.6	91.3
Noon	91.7	91.3
1.00 pm	91.5	91.3
2.00 pm	91.5	91.4
3.00 pm	91.5	91.5
4.00 pm	91.6	91.5

CURRENCY RATES

Aug 22	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.25702	1.48443
U S Dollar	7	1.24883	1.06068
Canadian $	12.36	1.46663	1.24396
Austrian Sch	5	17.2476	1.38742
Belgian Franc	7.75	51.2426	42.4348
Danish Krone	9½	9.51234	8.07071
Deutsche Mark	5.00	2.45033	2.07734
Neth Guilder	6.00	2.76304	7.56689
French Franc	9½	8.26226	7.01056
Italian Lira	13½	1758.54	1489.62
Japanese Yen	3¼	176.708	151.677
Norway Krone	8	8.91790	7.56689
Spanish Peseta	-	152.988	130.188
Swedish Krona	9½	8.28224	7.02170
Swiss Franc	5.5	2.11240	1.79096
Greek Drach	20½	N/A	176.650
Irish Punt	-	0.917380	0.778594

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Aug.21

CURRENCY MOVEMENTS

Aug.22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.6	-19.6
U S Dollar	71.3	-6.8
Canadian Dollar	105.7	+1.8
Austrian Schilling	106.2	+9.4
Belgian Franc	105.8	-6.2
Danish Krone	105.2	-1.7
Deutsche Mark	112.4	+19.9
Swiss Franc	106.8	+16.1
Guilder	109.9	+12.9
French Franc	99.3	-15.4
Lira	99.6	-18.5
Yen	138.9	+69.4

Morgan Guaranty changes, average 1980-1982=100 Bank of England Index (Base Average 1985=100) **Rates are for Aug 21.

OTHER CURRENCIES

Aug 22	£	$
Argentina	1025.05-1033.60	650.00-655.00
Australia	2.0600-2.0625	1.3080-1.3090
Brazil	4.0010-4.0310	2.5370-2.5550
Finland	6.9315-6.9440	4.4070-4.4090
Greece	263.05-267.55	167.05-169.60
Hong Kong	12.2920-12.3055	7.8060-7.8080
Iran	116.00*	72.70*
KoreaSth	1059.15-1067.60	666.10-671.50
Kuwait	0.47100-0.47250	0.29835-0.29910
Luxembourg	64.35-64.45	40.60-40.70
Malaysia	4.2190-4.2195	2.6920-2.6940
Mexico	4017.15-4033.55	2545.00-2555.00
N. Zealand	2.6610-2.6670	1.6890-1.6920
Saudi Ar.	5.9215-5.9265	3.7500-3.7510
Singapore	3.0980-3.1015	1.9630-1.9650
S. Af (Cm)	4.3385-4.3495	2.7565-2.7580
S. Af (Fn)	6.7100-6.8990	4.2555-4.3460
Taiwan	40.35-40.55	25.65-25.70
U.A.E.	5.7970-5.8035	3.6720-3.6730

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug.22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4348	+2.30	+1.04	±1.5424
Danish Krone	7.85212	8.07071	+2.78	+1.52	±1.6419
German D-Mark	2.05853	2.07734	+0.91	-0.35	±1.1019
French Franc	6.90403	7.01056	+1.54	+0.28	±1.3719
Dutch Guilder	2.31943	2.34198	+0.97	-0.29	±1.5019
Irish Punt	0.768411	0.778594	+1.33	+0.07	±1.6689
Italian Lira	1483.56	1499.62	+0.41	-0.85	±4.0815
Spanish Peseta	133.804	130.188	-2.70	-	-

Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Aug.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5730-1.5850	1.5840-1.5850	0.69-0.66cpm	5.11	1.86-1.82pm	4.64
Canada	1.8465-1.8590	1.8560-1.8570	0.29-0.19cpm	1.55	0.68-0.55pm	1.33
Netherlands	3.46-3.48¼	3.46-3.47	2-1⅞cpm	6.71	5⅞-5¾pm	6.35
Belgium	64.30-64.65	64.35-64.45	33-31cpm	5.96	88-84pm	5.34
Denmark	11.94¾-12.02¼	12.01¼-12.02¼	4⅝-4¼orepm	4.43	11⅞-11⅜pm	3.87
Ireland	1.1520-1.1590	1.1545-1.1555	0.45-0.40pm	4.42	1.15-1.05pm	3.81
W. Germany	3.07½-3.09	3.07½-3.08	1⅞-1¾pfpm	7.07	5¾-5½pm	6.82
Portugal	256.10-258.95	257.90-258.90	26-2cpm	0.65	10-76dis	0.67
Spain	192.20-193.60	192.40-192.70	13-18cdis	-0.97	30-37dis	-0.70
Italy	2204½-2217¼	2204½-2205½	5-3lirepm	2.18	9-7pm	1.45
Norway	11.22¼-11.26¾	11.24-11.25	3¼-2⅞orepm	3.20	7½-6⅞pm	2.40
France	10.37½-10.43¼	10.37¾-10.38¾	4½-4¼cpm	4.98	12⅛-11⅝pm	4.58
Sweden	10.41¾-10.46	10.43¾-10.44¾	2⅛-1⅞orepm	2.30	5⅛-4⅝pm	1.87
Japan	225-226¼	225¼-226¼	1⅝-1½ypm	8.31	4⅝-4½pm	8.08
Austria	21.63-21.82	21.63-21.66	13¼-12¼gropm	7.10	34¾-32pm	6.16
Switzerland	2.64¾-2.66¼	2.64¾-2.65¾	1½-1⅜cpm	6.50	4⅛-4pm	6.13
ECU	1.4770-1.4880	1.4825-1.4835	0.60-0.57cpm	4.73	1.58-1.53pm	4.19

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 64.85-64.95 Six-month forward dollar 3.57-3.52cpm 12 months 6.15-6.05cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Aug.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5730-1.5850	1.5840-1.5850	0.69-0.66cpm	5.11	1.86-1.82pm	4.64
Ireland†	1.3600-1.3730	1.3710-1.3720	0.11-0.06cpm	0.75	0.42-0.32pm	1.08
Canada	1.1715-1.1755	1.1725-1.1735	0.34-0.37cdis	-3.63	0.96-1.01dis	-3.36
Netherlands	2.1870-2.2100	2.1870-2.1880	0.33-0.31cpm	1.74	0.93-0.89pm	1.65
Belgium	40.60-41.00	40.60-40.70	3.00-1.50cpm	0.66	7.00-4.50pm	0.56
Denmark	7.55-7.61¼	7.58¼-7.58¾	0.05-0.30oredis	-0.28	0.65-1.05dis	-0.45
W Germany	1.9400-1.9605	1.9410-1.9420	0.35-0.33pfpm	2.08	0.93-0.90pm	1.87
Portugal	162.20-163.35	162.20-162.30	50-65cdis	-4.22	200-240dis	-5.39
Spain	121.65-122.85	121.80-121.90	58-68cdis	-6.16	160-170dis	-5.38
Italy	1391¼-1405¼	1391¼-1392¼	3.50-4.00liredis	-3.21	11.20-11.90dis	-3.29
Norway	7.09½-7.14	7.09½-7.10	0.95-1.20oredis	-1.81	3.95-4.25dis	-2.30
France	6.55-6.61½	6.55-6.55½	0.05pm-pardis	-0.05	par-0.15dis	-0.05
Sweden	6.58½-6.62¾	6.58¾-6.59¼	1.45-1.60oredis	-2.76	4.45-4.70dis	-2.76
Japan	142.50-143.35	142.50-142.60	0.47-0.45ypm	3.87	1.29-1.25pm	3.56
Austria	13.73½-13.79¾	13.77¼-13.77¾	2.60-2.10gropm	2.05	6.40-4.90pm	1.64
Switzerland	1.6730-1.6900	1.6730-1.6740	0.25-0.22cpm	1.67	0.71-0.68pm	1.65
ECU	1.0595-1.0695	1.0685-1.0695	0.03-0.02	0.28	0.13-0.11pm	0.45

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.90-41.00.

EURO-CURRENCY INTEREST RATES

Aug.22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅛-14	14⅛-13⅞	13⅞-13¾	13⅞-13¾	13¾-13⅝	13⅝-13½
US Dollar	9-8⅞	9-8⅞	9-8⅞	9-8⅞	8⅞-8¾	8⅞-8¾
Can. Dollar	12¼-12	12¼-12	12¼-12	12⅛-11⅞	11⅞-11¾	11⅝-11½
D. Guilder	7⅛-7¼	7¼-7	7½-7⅜	7⅝-7½	7⅝-7½	7⅝-7½
Sw Franc	7⅝-7½	7⅝-7½	7⅝-7½	7⅝-7½	7⅝-7½	7⅛-6⅞
Deutschmark	6⅞-6¾	6⅞-6¾	7-6⅞	7⅛-6⅞	7¼-7	7¼-7
Fr. Franc	8⅞-8¾	8⅞-8¾	9-8⅞	9⅛-8⅞	9⅛-8⅞	9⅛-8⅞
Italian Lire	12-10	12⅛-11⅜	12⅛-11⅝	12⅛-11⅞	12⅛-11⅞	12⅝-12⅛
B. Fr (Fin)	7⅝-7½	8⅛-8⅛	8⅝-8⅜	8⅝-8⅜	8½-8⅜	8½-8⅜
B. Fr. (Con)	7⅝-7½	8⅛-7⅞	8⅝-8⅛	8⅝-8⅛	8⅝-8⅛	8⅝-8⅜
Yen	5¾-5⅝	5⅝-5½	5⅞-5⅝	5⅞-5⅝	5⅞-5⅝	5⅞-5⅝
D. Krone	9½-9	9⅝-9½	9⅝-9½	9⅝-9½	9⅝-9½	9⅝-9½
Asian $Sing	9-8⅞	9-8⅞	9-8⅞	9-8⅞	9-8⅞	8¾-8⅝

Long term Eurodollars: two years 9-8⅞ per cent; three years 9-8⅞ per cent; four years 9⅛-8⅞ per cent; five years 9¼-9 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug.22	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.585	3.078	225.8	10.38	2.653	3.465	2205	1.857	64.40
$	0.631	1	1.942	142.5	6.549	1.674	2.186	1391	1.172	40.63
DM	0.325	0.515	1	73.36	3.372	0.862	1.126	716.4	0.603	20.92
YEN	4.429	7.019	13.63	1000	45.97	11.75	15.35	9765	8.224	285.2
F Fr	0.963	1.527	2.965	217.5	10.	2.556	3.338	2124	1.789	62.04
S Fr	0.377	0.597	1.160	85.11	3.913	1	1.306	831.1	0.700	24.27
H Fl.	0.289	0.457	0.888	65.17	2.996	0.766	1	636.4	0.536	18.59
Lira	0.454	0.719	1.396	102.4	4.707	1.203	1.571	1000.	0.842	29.21
C $	0.539	0.854	1.658	121.6	5.590	1.429	1.866	1187	1	34.68
B Fr.	1.553	2.461	4.760	350.6	16.12	4.120	5.380	3424	2.884	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Short sterling slightly weaker

SHORT STERLING futures weakened on the London futures market (Liffe) yesterday in quiet trading. Traders began to focus on today's UK trade figures for July, amid hopes that the current account deficit will be lower than the £1.5bn shortfall in June. This followed recent encouraging economic news, including a fall in the UK year-on-year inflation rate for the first time in 19 months, and yesterday's announcement of lower than expected second quarter growth in UK Gross Domestic Product.

Dealers pointed out how difficult it is to forecast the trade figures with any accuracy on a monthly basis, but suggested that the market price of short sterling discounts a result rather better than the expected figure. According to a survey by MMS International the trade gap is likely to be only slightly less than the June figure, at around £1.4bn.

December short sterling opened at 86.91, the highest level of the day, and touched a low 86.84. The contract held in a tight trading range, lacking new factors, and closed at 86.87 against 86.92 on Monday.

There is a strong support point at 86.81 and if this is broken the contract will not find any technical support until 86.59. On the other hand there appears to be upward resistance at several levels above 86.90.

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
93	3-58	4-14	0-00	0-16
94	2-58	3-23	0-00	0-25
95	1-58	2-37	0-00	0-39
96	0-61	1-58	0-03	0-60
97	0-12	1-22	0-18	1-24
98	0-02	0-60	1-08	1-62
99	0-00	0-39	2-06	2-41

Estimated volume total, Calls 364 Puts 778
Previous day's open int. Calls 16934 Puts 27916

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
93	4-06	4-32	0-42	1-12
94	3-21	3-54	0-57	1-34
95	2-41	3-15	1-13	1-59
96	2-03	2-45	1-39	2-25
97	1-33	2-15	2-05	2-59
98	1-06	1-52	2-42	3-32
99	0-50	1-29	3-22	4-09

Estimated volume total, Calls 15 Puts 44
Previous day's open int. Calls 818 Puts 1422

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9500	1.55	1.80	0.00	0.26
9350	1.05	1.42	0.00	0.38
9400	0.56	1.10	0.01	0.56
9450	0.13	0.82	0.08	0.78
9500	0.01	0.59	0.46	1.05
9550	0.00	0.41	0.95	1.37
9600	0.00	0.28	1.45	1.74

Estimated volume total, Calls 906 Puts 2264
Previous day's open int. Calls 15717 Puts 13344

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Sep	Calls-settlements Oct	Puts-settlements Sep	Puts-settlements Oct
140	18.00	—	0.00	—
145	13.00	—	0.01	—
150	8.00	8.00	0.19	0.73
155	3.58	4.10	1.13	2.19
160	1.13	1.80	3.68	4.89
165	0.22	0.63	7.77	8.72
170	0.02	0.17	12.57	13.26

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 230 Puts 17

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
9050	0.68	0.93	0.01	0.12
9075	0.44	0.74	0.02	0.18
9100	0.23	0.56	0.06	0.25
9125	0.09	0.40	0.17	0.34
9150	0.04	0.28	0.37	0.47
9175	0.02	0.18	0.60	0.62
9200	0.01	0.11	0.84	0.80

Estimated volume total, Calls 0 Puts 400
Previous day's open int. Calls 5986 Puts 7010

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8575	0.54	1.22	0.03	0.10
8600	0.32	1.01	0.06	0.14
8625	0.12	0.81	0.11	0.19
8650	0.06	0.62	0.30	0.25
8675	0.03	0.46	0.52	0.34
8700	0.01	0.31	0.75	0.44
8725	0.00	0.23	0.99	0.61

Estimated volume total, Calls 4325 Puts 1170
Previous day's open int. Calls 37496 Puts 25296

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	96-29	96-31	96-23	96-31
Dec	96-31	97-00	96-27	97-02

Estimated volume 7285 (6996)
Previous day's open int. 33900 (32748)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep				
Dec				

Estimated volume 0 (0)
Previous day's open int. 0 (0)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sep	96-14	96-21	96-04	97-10
Dec	96-14	96-14	96-04	97-09
Mar	96-10			97-05

Estimated volume 3874 (3932)
Previous day's open int. 6657 (7150)

6% NOTIONAL GERMAN GOVT. BOND
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	94.55	94.73	94.47	94.89
Dec	94.54	94.73	94.50	94.92
Mar	94.38			94.88

Estimated volume 38580 (17246)
Previous day's open int. 39268 (39775)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Sep	106.51	106.57	106.52	106.74
Dec	106.07	106.23	106.04	106.31

Estimated volume 433 (343)
Previous day's open int. 1195 (1205)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sep	86.26	86.29	86.25	86.29
Dec	86.87	86.91	86.84	86.92
Mar	87.81	87.83	87.80	87.86
Jun	88.39	88.42	88.38	88.43

Est. Vol. (inc. figs. not shown) 16080 (10382)
Previous day's open int. 98587 (98739)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sep	91.17	91.19	91.16	91.23
Dec	91.31	91.36	91.25	91.42
Mar	91.52	91.53	91.51	91.63
Jun	91.46			91.59

Est. Vol. (inc. figs. not shown) 7422 (4616)
Previous day's open int. 53373 (52309)

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	92.91	92.94	92.90	92.96
Dec	[illegible]	[illegible]	[illegible]	92.97
Mar	[illegible]	[illegible]	[illegible]	93.15
Jun	[illegible]	[illegible]	[illegible]	93.26

Estimated volume [illegible]
Previous day's open int. [illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	2386.5
Dec	[illegible]	[illegible]	[illegible]	2429.5

Estimated volume 2722 (1832)
Previous day's open int. 21545 (21588)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5845	1.5778	1.5661	1.5491	1.5235

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.5690	1.5728	1.5688	1.5674
Dec	1.5528	1.5540	1.5512	1.5500
Mar	1.5364	1.5370	1.5360	1.5334

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Sep	96-12	96-24	96-03	96-15
Dec	96-13	96-24	96-03	96-15
Mar	96-07	96-12	96-01	96-10
Jun	95-31	96-00	95-26	96-03
Sep	95-21	95-28	95-19	95-27
Dec	-	-	-	95-20
Mar	-	-	-	95-13
Jun	-	-	-	95-06
Sep	-	-	-	94-31
Dec	-	-	-	94-25
Mar	-	-	-	94-19

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	92.14	92.17	92.12	92.15
Dec	92.44	92.49	92.40	92.47
Mar	92.62	92.62	92.60	92.67
Jun	92.61	92.65	92.61	92.64
Sep	-	-	-	92.54

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.5928	0.5944	0.5925	0.5937
Dec	0.5952	0.5967	0.5947	0.5960
Mar	0.5980	0.5990	0.5970	0.5983

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	0.7000	0.7026	0.6997	0.7016
Dec	0.7056	0.7085	0.7056	0.7074
Mar	0.7120	0.7136	0.7120	0.7129
Jun	-	-	-	0.7182

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.5117	0.5128	0.5113	0.5117
Dec	0.5136	0.5150	0.5134	0.5138
Mar	-	0.5163	-	0.5159

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	91.17	91.21	91.14	91.19
Dec	91.31	91.36	91.25	91.34
Mar	91.52	91.56	91.47	91.55
Jun	91.48	91.56	91.47	91.51
Sep	91.31	91.33	91.28	91.36
Dec	91.12	91.13	91.08	91.17
Mar	91.17	91.20	91.15	91.23
Jun	91.23	91.25	91.20	91.26

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	341.70	342.00	340.40	341.10
Dec	346.10	346.30	344.70	345.40
Mar	349.80	350.40	349.30	349.70

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Sep	Calls Oct	Calls Nov	Calls Dec	Puts Sep	Puts Oct	Puts Nov	Puts Dec
1.500	7.30	7.46	7.59	17.84	0.17	0.74	1.34	2.06
1.525	5.07	5.42	5.66	6.01	0.53	1.36	2.02	2.86
1.550	3.17	3.75	4.09	4.54	1.20	2.15	3.04	3.97
1.575	1.84	2.44	2.84	3.33	2.20	3.39	4.37	5.34
1.600	0.94	1.60	2.00	2.39	3.81	4.97	5.95	6.91
1.625	0.41	0.95	1.31	1.76	5.78	6.80	7.74	8.66
1.650	0.13	0.51	0.81	1.21	7.99	8.85	9.72	10.57

Previous day's open int: Calls N/A Puts N/A (All currencies)
Previous day's volume: Calls N/A Puts N/A (All currencies)

MONEY MARKETS

Tight conditions

CREDIT CONDITIONS were tight on the London money market yesterday. The Bank of England did not appear to provide enough help to take out the underlying shortage, in spite of the fact that discount houses were generally keen to sell paper to the authorities.

The policy of keeping credit conditions tight appears to underline recent indications from the Bank of England that base rates will remain at 14 per cent for several months. Some discount houses were prepared to sell bills to the authorities at a lower price than usual - reflected in the higher interest rate of 13⅞ per cent at which some bills were sold - but this was probably technical, indicating that it was cheaper for the houses to sell bills than to borrow money overnight to balance their books.

UK clearing bank base lending rate
14 per cent
from May 24

Interest rates moved higher at the shorter end of the market, but longer term rates were steady. One-month sterling interbank rose to 13⅞-13¾ per cent from 13¾-13⅝ per cent and the important three-month rate firmed to 13⅞-13¾ per cent from 13¾-13⅝ per cent, while 12-month money was unchanged at 13⅝-13½ per cent.

The Bank of England initially forecast a money market credit shortage of £900m, but revised this to £750m at noon. Total help of £610m was provided.

Before lunch the Bank of England bought £384m bills, via £56m Treasury bills in band 1 at 13¾ per cent and £328m bank bills in band 1 at 13¾-13⅞ per cent.

In the afternoon the authorities purchased another £171m bills, by way of £116m bank bills in band 1 at 13¾-13⅞ per cent; £40m Treasury bills in band 1 at 13¾ per cent; and £15m bank bills in band 2 at 13¾ per cent. Late assistance of around £55m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £518m, with Exchequer transactions absorbing £390m, and bank balances below target £35m. These factors outweighed a fall in the note circulation adding £40m to liquidity.

In **Frankfurt** call money was unchanged at 6.85 per cent. West German banks have suffered from a steady fall in liquidity over the last week or so, as funds have been set aside for tax payments. Banks held DM51.7bn in reserves at the Bundesbank last Friday, compared with DM56.9bn on Thursday.

The central bank has offered funds via a 35-day securities repurchase agreement tender this week and is expected to roughly replace the DM8.4bn draining from the market as an earlier pact expires.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.22) 3 months US dollars		6 months US Dollars	
bid 8⅞	offer 9	bid 8¹³⁄₁₆	offer 8¹⁵⁄₁₆

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

Prime rate	10½
Broker loan rate	10
Fed funds	8⅞
Fed funds at intervention	

Treasury Bills and Bonds

One month	8.45	Three year	8.34
Two month	8.04	Four year	8.30
Three month	8.29	Five year	8.30
Six month	8.38	Seven year	8.28
One year	8.39	10-year	8.24
Two year	8.39	30-year	8.21

Aug.22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.85-6.95	6.85-7.00	6.85-7.00	6.85-7.00	6.85-7.00	7.00
Paris	8⅛-8⅜	8⅞-9	8⅞-9	8⅞-9	8⅞-9	8.75
Zurich	6⅞-6⅝	7⅛-7⅜	-	7⅛-7⅜	-	-
Amsterdam	7.12-7.25	7.20-7.30	-	7.18-7.28	-	-
Tokyo	5⅞-5⅞	5⅛-5⅞	-	5⅞-5⅞	-	-
Milan	12⅛-12½	12½-13	-	12½-13	-	-
Brussels	8.05	8⅛-8⅞	-	8⅛-8⅞	-	-
Dublin	9⅛-9⅞	9⅛-10	9⅞-10⅛	10⅛-10⅜	10⅛-10⅜	-

LONDON MONEY RATES

Aug.22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	14⅛	13⅞	13⅞	13¾	13⅝
Interbank Bid	13	13¾	13¾	13¾	13⅝	13½
Sterling CDs	-	-	13⅞	13⅞	13⅝	13½
Local Authority Deps.	14¼	13⅞	13⅞	13⅞	13¾	13½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	14¼	13⅞	13⅞	13½	-	-
Company Deposits	-	-	14	14	13¾	13⅝
Finance House Deposits	-	-	13⅞	13⅞	13⅞	13⅝
Treasury Bills (Buy)	-	-	13⅞	13⅞	-	-
Bank Bills (Buy)	-	-	13⅞	13⅞	12⅞	-
Fine Trade Bills (Buy)	-	-	14⅛	14	13⅞	-
Dollar CDs	-	-	8.90	8.85	8.85	8.80
SDR Linked Dep Offer	-	-	8⅝	8⅝	8⅝	8½
SDR Linked Dep Bid	-	-	8½	8½	8½	8
ECU Linked Dep Offer	-	-	9⅞	9⅞	9⅞	9¾
ECU Linked Dep Bid	-	-	9¾	9¾	9¾	9⅝

Treasury Bills (sell): one-month 13⅞ per cent; three months 13⅝ per cent; Bank Bills (sell): one-month 13⅝ per cent; three months 13⅞ per cent; Treasury Bills: Average tender rate of discount 13.3094 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1989. Agreed rates for period August 26, 1989 to September 25, 1989, Scheme I: 14.80 p.c., Schemes II & III: 15.23 p.c. Reference rate for period July 1 to July 31, 1989, Scheme IV&V: 13.984 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14½ from August 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1, 1988. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	14	Clydesdale Bank	14	Nat Westminster	14
Adam & Company	14	Comm. Bk. N. East	14	Northern Bank Ltd	14
AAB - Allied Arab Bk	14	Co-operative Bank	*14	Norwich Gen. Trust	14
Allied Irish Bank	14	Coutts & Co	14	PRIVATbanken Limited	14
● Henry Ansbacher	14	Cyprus Popular Bk	14	Provincial Bank PLC	15
Associates Cap Corp	14	Dunbar Bank PLC	14	R. Raphael & Sons	14
Authority Bank	14	Duncan Lawrie	14	Roxburghe G'rantee	14½
● B & C Merchant Bank	14	Equatorial Bank plc	14	Royal Bk of Scotland	14
Bank of Baroda	14	Exeter Trust Ltd	14½	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	Financial & Gen. Bank	14	● Smith & Williams Secs.	14
Bank Hapoalim	14	First National Bank Plc.	15	Standard Chartered	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	TSB	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	United Bk of Kuwait	14
Bank of Ireland	14	Girobank	14	United Mizrahi Bank	14
Bank of India	14	● Guinness Mahon	14	Unity Trust Bank Plc	14
Bank of Scotland	14	HFC Bank plc	14	Western Trust	14
Banque Belge Ltd	14	● Hambros Bank	14	Westpac Bank Corp.	14
Barclays Bank	14	Heritable & Gen Inv Bnk	14	Whiteaway Laidlaw	14
Benchmark Bank PLC	14	● Hill Samuel	§14	Yorkshire Bank	14
Berliner Bank AG	14	C. Hoare & Co.	14		
Brit Bk of Mid East	14	Hongkong & Shangh	14		
● Brown Shipley	14	● Leopold Joseph & Sons	14		
Business Mtge Tst	14½	Lloyds Bank	14		
CL Bank Nederland	14	Meghraj Bank Ltd	14		
● Charterhouse Bank	14	McDonnell Douglas Bnk	14		
Citibank NA	14	Midland Bank	14		
City Merchants Bank	14	Mount Banking	14		
		Nat Bk. of Kuwait	14		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Savewise 8.5%. Top Tier-£10,000+ instant access 12.8% ‡ Mortgage base rate. § Demand deposit 9%. Mortgage 13.25% - 15%

EUROPEAN OPTIONS EXCHANGE

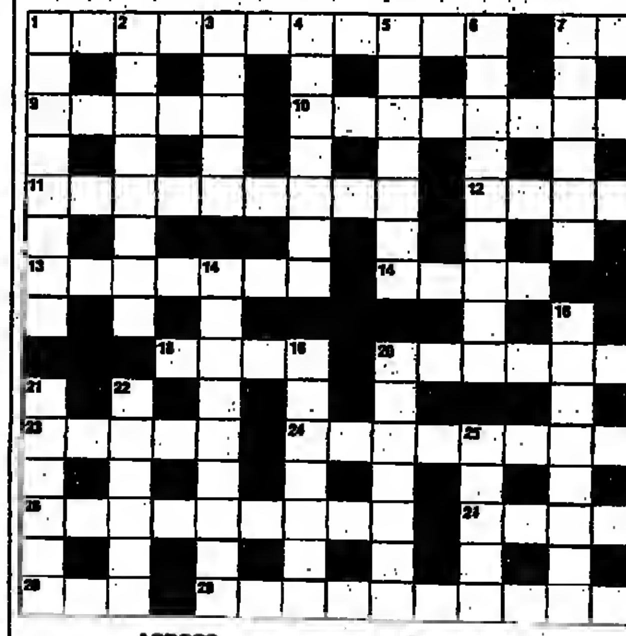
Series		Nov. 89 Vol	Nov. 89 Last	Feb. 90 Vol	Feb. 90 Last	May 90 Vol	May 90 Last	Stock
Gold C	$ 400	33	2.50	-	-	-	-	$ 366.60
		Sep. 89		Oct. 89		Jan. 90		
EOE Index C	Fl. 260	-	-	49	65	-	-	Fl. 324.66
EOE Index C	Fl. 310	69	15.50 a	83	18.20	-	-	Fl. 324.66
EOE Index C	Fl. 315	48	11.30	14	14.80	-	-	Fl. 324.66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS : 38,775
A=Ask B=Bid C=Call P=Put

JOTTER PAD

CROSSWORD

No.7,019 Set by GRIFFIN



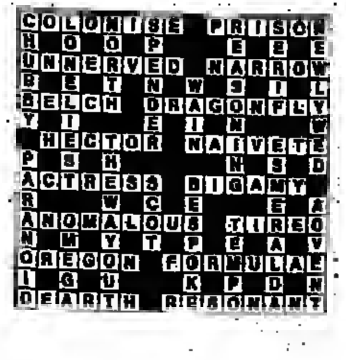
ACROSS

1 Helpful barrel-maker Eva Peron rejected (11)
7 Fellow taking 28 would be an ass (3)
9 Zinc used inside an anvil (5)
10 Clue Sam in another way, describing him (9)
11 Descendants of Man? (9)
12 Perfect ladies detailed for modelling (5)
13 Angry drunk after appearing for trial (7)
15 Break for a biscuit (4)
18 Dingy back street requiring tar (4)
20 "Toast or ice-cream?" he interjected (7)
23 Theatre work takes time (5)
24 He requires easily controlled staff (9)
26 Excellent barmaid trained by the French (9)
27 Commonwealth member wants a whisky first (5)
28 Removing 7 across from fool's locker (3)
29 Alcohol destroyed her, close to 50 (11)

DOWN

1 Eric quit variety review (8)
2 Very large old copper departed after kiss (8)
3 Top swimmer seen running round German city (5)
4 Support for member when taking the chair? (7)
5 Maintains home is, in some ways (7)
6 Euclid's difficult, said eight, to clarify (9)
7 First display by flower club (6)
8 It points to intense rivalry (6)
14 Elderly person could come to irrigate crops, initially (9)
16 George removed lumber for grouser (8)
17 Worn-out visitors do this around here (8)
19 A shout of disapproval after *a fault* by *Bogey* (7)
20 In church once daily starts to confess (7)
21 Indian doctor wants mortarboard (6)
22 Emily, first person to go after Kent area appears suitable (6)
25 Boundary of motorway illuminated externally (5)

Solution to Puzzle No.7,018



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WORLD STOCK MARKETS

AUSTRIA [illegible]

BELGIUM/LUXEMBOURG [illegible]

DENMARK [illegible]

FINLAND [illegible]

FRANCE [illegible]

JAPAN [illegible]

FRANCE (continued) [illegible]

GERMANY (continued) [illegible]

GERMANY [illegible]

ITALY [illegible]

ITALY (continued) [illegible]

NETHERLANDS [illegible]

NORWAY [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

SOUTH AFRICA [illegible]

AUSTRALIA [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG [illegible]

SINGAPORE [illegible]

NOTES [illegible]

CANADA

TORONTO

2pm prices August 22

[illegible]

1—No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	Aug 21	Aug 18	Aug 17	Aug 16	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2647.00	2687.97	2679.83	2693.29	2712.63 (10/8)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	93.10	92.99	93.11	93.30	94.15 (2/8)	87.35 (23/3)	-	-
Transport	1438.12	1442.39	1428.34	1401.67	1442.39 (18/8)	959.95 (3/1)	1442.39 (18/8/89)	12.32 (8/7/32)
Utilities	213.91	216.93	216.56	218.31	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2693.29 (2697.27) Low 2640.74 (2665.97)

STANDARD AND POOR'S								
Composite ‡	340.67	346.03	344.45	345.66	349.41 (7/8)	275.31 (3/1)	349.41 (7/8/89)	4.40 (1/6/32)
Industrials	389.55	395.84	394.27	395.73	399.68 (8/8)	318.66 (3/1)	399.68 (8/8/89)	3.62 (21/6/32)
Financial	32.61	33.12	33.00	33.14	33.59 (7/8)	24.30 (3/1)	33.59 (7/8/89)	8.64 (1/10/74)
NYSE Composite	189.97	192.64	191.95	192.64	194.23 (8/8)	154.98 (3/1)	194.23 (8/8/89)	4.46 (25/4/42)
Amex Mkt. Value	376.58	379.18	378.34	379.60	382.24 (10/8)	305.24 (3/1)	382.24 (10/8/89)	29.31 (9/12/72)
NASDAQ Composite	458.33	461.97	460.83	460.79	463.55 (10/8)	378.56 (3/1)	463.55 (10/8/89)	54.87 (31/10/72)

	Aug 18	Aug 11	Aug 4	year ago (approx.)
Dow Industrial Div. Yield	3.44	3.43	3.41	3.79
	Aug 16	Aug 9	Aug 2	year ago (approx.)
S & P Industrial div. yield	2.87	2.86	3.28	3.29
S & P Indl. P/E ratio	14.44	14.49	14.43	13.57

TRADING ACTIVITY † Volume

Millions	Aug 21	Aug 18	Aug 17
New York	136.226	147.144	157.560
Amex	11.788	11.927	14.773
OTC	108.624	134.528	136.319

NEW YORK	Aug 21	Aug 18	Aug 17
Issues Traded	1,958	1,968	1,973
Rises	371	766	557
Falls	1,164	640	882
Unchanged	423	562	534
New Highs	44	53	57
New Lows	19	16	17

CANADA

TORONTO	Aug 21	Aug 18	Aug 17	Aug 16	1989 High	1989 Low
Metals & Minerals	3747.3	3790.1	3792.9	3801.5	3790.1 (18/8)	3207.5 (3/1)
Composite	3960.5	3981.9	3994.1	4013.4	4019.7 (10/8)	3350.5 (6/1)
MONTREAL Portfolio	2001.45	2014.62	2023.07	2035.23	2035.23 (16/8)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Bristol Myers	2,144,600	48¼	+ ⅛	Exxon	1,537,100	43¾	- ½
Citizens & Sthn xd	2,070,700	33¾	+ ⅛	Maytag	1,451,100	23¼	—
Bard CR	1,811,800	19¾	- ¼	Comp Assoc	1,416,100	16¼	+ ⅛
Am T & T	1,688,500	38¼	- 1¼	Marion Labs	1,387,700	35¾	- ¼
Texas Utilities	1,603,400	32¾	- ⅛	Dow Chemicals	1,368,000	100	+ ¼

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug. 22	Aug. 21	Aug. 18	Aug. 17	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1724.6	1722.5	1717.0	1726.7	1726.7 (17/8)	1412.9 (7/4)
All Mining (1/1/80)	816.3	813.2	811.4	818.7	818.7 (17/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	401.51	397.51	396.04	395.92	401.51 (22/8)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6470.19	6483.89	6433.97	6400.55	6483.89 (21/8)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	341.76	343.30	342.20	341.17	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	783.4	779.1	779.2	774.8	815.8 (19/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	509.7	506.3	508.2	509.6	509.8 (16/8)	417.9 (4/1)
Ind. Tendance (30/12/88)	120.6	121.3	121.3	122.6	122.6 (17/8)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	659.71	658.13	650.24	650.27	664.22 (10/8)	535.78 (27/2)
Commerzbank (1/12/53)	1974.4	1970.0	1945.2	1945.2	1990.1 (10/8)	1595.7 (27/2)
DAX (30/12/87)	1600.62	1603.01	1575.77	1576.16	1609.93 (10/8)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2543.56	2528.75	2573.16	2616.98	3309.64 (15/5)	2093.61 (5/6)
ITALY						
Banca Com. Ital. (1972)	721.97	720.41	715.29	708.65	721.97 (22/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35114.35	35140.83	35063.14	35090.1	35140.83 (21/8)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2653.45	2659.08	2652.50	2652.96	2659.08 (21/8)	2366.91 (6/1)
NETHERLANDS						
CBS Tll Rtn Gen. (End 1983)	262.5	264.7	264.2	266.2	266.2 (17/8)	208.3 (3/1)
CBS All Shr (End 1983)	204.0	205.9	205.5	207.0	207.0 (17/8)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	655.90	655.41	659.43	654.99	668.90 (14/7)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1370.86	1387.01	1381.49	1375.56	1387.01 (21/8)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1658.0♦	1664.0	1660.0	1637.8	1685.0 (3/8)	1291.0 (15/2)
JSE Industrial (28/9/78)	2824.0♦	2824.0	2812.0	2797.0	2824.0 (21/8)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	315.81	314.74	313.18	312.11	315.90 (13/6)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4442.7	4544.0	4595.2	4602.1	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	811.2	811.4	810.3	812.0	821.7 (9/8)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	(u)	538.2	536.3	551.2 (3/8)	487.6 (13/6)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday August 22 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	8.69m	827	-1	Nisshin Steel	5.65m	1,630	-10
Toyota Motor	8.8m	2,720	+20	Toshiba	5.63m	1,630	-18
Nippondenso	7.62m	2,670	uch	Tokai Carbon	5.62m	1,200	+50
Sekisui House	6.02m	2,330	-20	Nippon Kyaku	5.37m	1,630	+60
Toyo Radiator	5.79m	1,750	uch	Honda Motor	4.77m	2,150	-18

3pm prices August 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
33⅞	21⅛	AAR	.44	1.4	21	168	32½	32⅜	32⅜	+ ⅛
10⅜	8⅜	ACM n	1.01	11.		86	9⅜	9⅜	9⅜	– ⅛
11⅛	10¾	ACMIn	1.26a	11.		325	11½	11⅜	11⅜	– ⅛
10⅛	8½	ACM M n	1.01	11.		205	9⅜	9⅜	9⅜	– ⅛
11½	10	ACM Sc	1.26	11.		1068	11½	11⅜	11⅜	
9⅜	8⅜	ACMSp	1.01	11.		348	9¼	9⅛	9¼	+ ⅛
18	10⅞	AL Lab	.12	.9	16	431	15⅜	14⅞	14⅞	– ⅛
4⅜	3⅜	AMCA	.12e	3.1	26	220	3⅞	3⅞	3⅞	+ ⅛
6⅜	4½	AM Intl				231	5½	5¼	5⅜	+ ⅛
22½	20⅜	AM In pf	2	9.2		5	21⅝	21⅝	21⅝	– ⅛
79⅜	40⅞	AMR			9	3280	76⅜	75⅜	75⅜	– ⅝
27	25	ANR pf	2.67	11.		21	25¼	25⅛	25⅛	– ⅛
7⅜	3⅜	ARX				116	3⅜	3⅜	3⅜	
44⅜	35½	ASA	3a	6.9		191	43⅝	43½	43½	
22⅜	15¼	AVX	.24	1.2	9	175	19⅞	19½	19⅝	– ⅛
66	44⅛	AbtLab	1.56	2.3	17	2478	62⅜	61⅞	62⅜	
16⅛	13⅜	Abitibi g	1			3	15⅜	15⅜	15⅜	+ ⅛
11	7½	AcmeC	.40	3.6		60	11⅛	11⅛	11⅛	
9	5⅞	AcmeE	.32	3.4	11	178	9½	9⅜	9½	+ ⅛
34⅞	20⅛	Acuson			23	348	32⅞	32⅜	32⅞	+ ⅛
16⅞	14¼	AdaEx	1.82e	11		77	16⅛	16	16	
11⅞	6⅜	Adobe				25	10⅞	10⅜	10⅜	
19⅜	16½	Adob pf	1.84	9.9		1	18⅝	18⅝	18⅝	
21⅝	18⅞	Adob pf	2.40	11.		1	21	21	21	– ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18¼	9½	PMMI n	.34e	3.4		324	9⅞	9½	9⅞	+ ⅛
9½	8⅞	PMIIT	1.03a	12.		711	9	8⅞	8⅞	− ⅛
9¾	8¾	PMIT	1.10a	12.		455	9½	9¼	9⅜	+ ⅛
9¾	8⅞	PPrIT	1.14	12.		1320	9½	9⅜	9⅜	
10⅜	8	QMS				261	10	9¾	9⅞	− ⅛
1⅛	5-16	Quantel				173	15-32	7-16	15-32	
66⅞	49⅞	QuakrO	1.20	1.9	23	1864	63⅛	62½	63	+ ⅜
21¼	14½	QuakSC	.80	5.0	24	266	16⅛	15⅞	16⅞	− ⅛
13	11⅞	Quanex	.35	2.0	7	159	16¼	16	16⅛	+ ⅛
31¼	25⅞	Quanx	pf2.25	8.6		270	37½	27½	27½	+ ⅛
59½	37⅞	Quantm	3	6.8	9	587	44⅜	43⅞	44⅛	+ ⅛
12⅞	10	QstVl	1.20e	9.5		479	12⅝	12⅜	12⅜	+ ⅛
13	7⅛	QstVC				295	12⅝	12½	73⅛	− ⅛
39	31	Questar	1.60	5.1	23	30	37⅛	37	37	
17¼	10⅜	QkReily	.24	1.5	18	65	16⅛	16⅜	18⅛	− ⅛
		−R−R−R−								
12	10⅜	RAC In	n1.86	11.		132	11	10⅞	10⅞	− ⅛
18⅛	1⅞	RAG	1.09e	40.	18	178	2⅞	2⅞	2⅞	− ⅛
18½	8	RLC	.20b	2.3	9	1484	8⅞	8⅛	8⅞	
9⅛	7⅛	RLI Cp	.40	4.5	9	36	8⅞	8⅛	8⅞	− ⅛
18⅛	14½	ROC Fd				64	16⅛	15⅞	16	− ⅛
8⅛	8	RPC			18	283	9⅛	8⅛	8⅛	− ⅛
7½	8½	RPS n	.38e	5.6		160	8⅛	8⅛	8⅛	
28⅛	29½	Racal	a1.21e	2.2	96	798	56	55⅛	55⅞	+ ⅛
8⅞	3⅛	Radice n				6	8⅞	8⅞	3⅞	− ⅛
101½	74¼	RalsPur	1.80	1.8	16	918	93¼	91⅛	92	−1⅛
15⅛	7½	Ramad				1866	14	13⅞	20⅞	
6½	4⅞	RangrO			46	431	8⅞	6⅛	8⅛	− ⅛
43⅛	28¼	Raycm	.32	.9	86	823	37	36½	36⅞	− ½
18⅛	9	RJamF	.20	1.1	8	19	18	17⅞	17⅞	− ⅛
21⅞	16	Rayonr	2.60	13.	8	132	19⅞	20½	16⅞	

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18⅛	4½	Wyle				373	8⅞	8⅛	6⅞	
		−X−Y−Z−								
82	61⅞	Xerox	3	4.5	10	2047	65⅛	65½	65⅛	− ⅛
44⅛	20⅞	XTRA	.72	2.3	18	182	23⅛	21⅞	23	− ⅛
23	24½	XTRA	pf1.94	7.5		1	20⅛	23⅛	25⅛	− ½
4⅛	2	Zapata				477	2⅛	9⅛	2⅛	
23⅞	10⅛	ZenithE				610	17	16⅛	16⅛	− ⅛
10⅞	8⅞	Zenitac	1.26	14.		162	9⅛	9	9⅛	
2⅞	1⅛	vjZenLb				119	1½	1⅛	1⅞	
20⅛	15	Zenith	.84	4.4	9	29	19⅛	18⅛	19⅛	− ⅛
23⅞	14⅛	Zero	.60	2.3	17	307	22	21⅞	23	+ ⅛
44⅛	21⅛	Zurn	.80	1.8	78	369	38⅛	37⅛	37⅞	− ⅛
12	10	Zweig	1.09e	9.5		689	11⅛	11½	11½	− ⅛
18⅛	8⅛	Zweig n	.96	10.		1113	9⅛	9½	9½	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices August 22

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 22

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						
Waver	.36	79	423	32⅛	37½	32⅛
Wellfck		16	43	12⅛	12	12⅛ + ⅛
Werner	.06a	14	14	19¾	19⅛	18½ + ⅛
WstOne	1.20	10	120	39⅛	23½	38½ − ⅛
WstCas			546	13⅛	13⅛	13⅛ − ⅛
WnWste		19	453	21⅛	21	21 − ⅛
WMicTc		8	31	7⅛	7	7⅛
WstnPb		16	621	21⅛	21	21⅛ + ⅛
WMrcA			53	20½	29⅛	29⅛
Wstmrk		32	160	42⅛	41⅞	42⅛ + ½
WmorC		26	27	19½	21⅞	25½ + ⅛
Weston		27	849	14⅝	14⅞	14⅝ + ½
WetsOn			1135	11⅞	11½	11⅝ + ⅛
Wetlra	.60	16	739	30⅛	29⅛	29⅞
Whelbrt		31	4034	9⅛	9½	8⅞
WhelTch		26	987	20⅛	22⅛	30⅛ + ⅛
Whlclub		24	340	14⅛	14	14
WilyJ A	1.10	58	11	63	62½	62½ − 1½
Wlamt	1.45	6	x213	50	49½	49½ − ⅛
WilmTr	1.24	13	174	44⅛	43½	43½ − ⅛
WiserO	.40	43	236	16⅞	18½	16⅞
Wolohn	.28	8	150	17¼	17¼	17⅛ − ⅛
WivEx h			116	7⅛	7	7 − ⅛
Worthg	.56	16	172	25⅛	25⅛	35⅛ + ⅛
Wyman	.60	185	333	18⅞	18⅛	18½
−X−Y−Z−						
XL Dta s		16	104	18⅛	18	23 − ⅛
XOMA			254	10	18½	18⅛ − ⅛
Xicor		8	1181	6	5⅞	6 + ⅛
YelowF	.76	11	867	31⅛	30⅛	21⅛ + ⅛
Zionut	1.44		71	u29½	28	20⅛ + ⅛
Zycad			153	2⅞	2⅛	2 13-16 + 1-16

AMERICA

Dow pares early decline but rate worries persist

Wall Street

AFTER a bad start to the week, the equity market started to show signs of bottoming out yesterday morning, *writes Janet Bush in New York.*

The Dow Jones Industrial Average fell 20 points during morning trading, adding to its loss of more than 40 points on Monday.

However, by 2 pm, the Dow had recovered some ground to be quoted 13.84 points lower at 2,633.16.

The extent of Monday's drop surprised many traders. The most worrying aspect of the decline was that, in contrast to other down days when programmed selling would take the index lower in one dramatic movement, the selling was steady throughout the day.

There were some programmes but also genuine profit-taking which left blue chip issues substantially lower.

Monday's fall came in low volume which remained subdued in the morning. Only 93m shares were traded by midsession.

Some programmed stock index arbitrage set the market off on a negative footing but underneath this there is also a genuine pessimism. This appears to revolve around a belief that interest rates are set to stay where they are for the time being. The Federal Open Market Committee met yesterday amid widespread expectations that the Fed would vote to leave monetary policy unchanged.

Stock and bond markets failed to react favourably to yesterday's news of a 1.9 per cent drop in durable goods orders in July. This was partly because June's rise of 0.4 per cent was revised upwards to 1.4 per cent and partly because July saw another strong rise in non-defence orders.

A picture is emerging of more robust growth in the second quarter than previously thought. This is not an environment in which the Fed is likely to ease its policy.

Having flirted briefly with its all-time high of 2,722.42 in August 1987, the Dow has steadily retreated. It is now back to levels seen at the end of July.

Among featured individual stocks was Georgia Gulf which rose $6¼ to $57¾ in response to a $55 a share takeover offer from NL Industries, controlled by investor Mr Harold Simmons. He said he might be prepared to raise his offer if cash flow warranted it.

Anchor Glass Container added $⅝ to $20¾ after rejecting a $20 a share offer from Vitro of Mexico and on news that Goldman Sachs had a 9.7 per cent stake in the company.

Deere & Co dropped $1 to $60 after reporting earnings in the third quarter of $1.30 a share, compared with $1.11 a year earlier.

Imperial Chemical Industries' ADRs added $2½ to $83⅞ on rumours that the company may be considering a stock swap merger with Britain's Wellcome.

Poughkeepsie Savings Bank dropped $1 to $17⅞ in over-the-counter trading after the company said it expected a third quarter loss.

Canada

INVESTORS in Toronto stayed on the sidelines at midday yesterday and stocks retreated. The market was nervous about current high interest rates in Canada and what lies in store for the economy.

The composite index fell 28.3 to 3,932.3 on volume of 23.5m shares.

CAE Industries rose C$⅛ to C$14⅛ in active trading after announcing a C$385m order from Nasa as well as orders from KLM and American Airlines.

Takeover target Falconbridge fell C$⅛ to C$38⅝ amid expectations that Amax would raise its offer.

SOUTH AFRICA

THE MARKET closed mixed to easier, following a Reserve Bank denial that foreign buying of gilts via the financial rand was about to be stopped.

ASIA PACIFIC

Nikkei moves erratically under opposing influences

Tokyo

ALTHOUGH underlying sentiment remained bullish, movement on the Tokyo market was erratic and shares generally closed lower in thin volume, *writes Yuriko Mita in Tokyo.*

Prices opened lower, influenced by heavy losses on Wall Street on Monday. A series of tug of wars followed between profit-taking and futures-related or index-linked buying, with the result that the Nikkei average fluctuated between a high of 35,157.74 and a low of 35,011.04.

The Nikkei closed 26.48 lower at 35,114.35. Declines outnumbered advances by 496 to 378, while 229 issues were unchanged. Volume at 458m shares was slightly below Monday's 468m. The broad-based Topix index fell 5.63 to 2,653.45, while in London trading the ISE/Nikkei 50 index rose 1.74 to 2,108.10.

The scheduled meeting of the Federal Reserve Board late on Tuesday afternoon kept investors uncertain over the direction of short-term interest rates and distanced them from large-capital stocks such as shipbuilders and contractors.

However, several foreign and local securities firms bought components of the Nikkei average to take advantage of a widening gap between September futures and the underlying index.

Nippon Steel was also chased by investors anticipating buying by brokerages before their half-year accounts close on September 30. It was the most active issue with a volume of 9.69m shares, closing down Y1 at Y827.

Car-related stocks, which have been active since last week, have drawn buying by *tokkin* funds, the special trust funds used by industrial companies for investing their surplus cash in shares. Toyota Motor, which is viewed as a benchmark issue, was the second most active stock, closing up Y20 at Y2,720 on 8.81m shares.

Car part manufacturers have also been popular recently. Nippon Denso was the third most active issue, advancing to an all-time high of Y2,690 for a third consecutive session but closing unchanged at Y2,670.

A second section company, Miyairi Valve Manufacturing, attracted attention after announcing on Monday that it was making a share placement in line with new voluntary rules. Under the rules, the allocation price is set 10 per cent below the average closing price of the company's stock six months before the issue.

Takahashi Sangyo, a private company which already has 47 per cent of Miyairi and is thought to be planning a full takeover, yesterday sought an injunction to block the share issue. Miyairi shares closed at their asking price of Y1,310.

In Osaka, the OSE average closed 78.31 lower at 35,106.08. Volume at 62.19m shares was slightly lower than Monday's 62.89m shares.

Roundup

THE OVERNIGHT plunge on Wall Street left Asia Pacific markets with an initial problem yesterday, but most responded to the challenge.

HONG KONG cleared a number of hurdles on its way to a technical recovery in thin trading. It surmounted an opening drop of 48 points after five straight declines, the overnight fall on Wall Street, and the failure of the Chinese patriarch, Deng Xiaoping, to make a public appearance yesterday on his 85th birthday.

The Hang Seng index gained 14.81 points to finish at 2,543.56, as turnover rose slightly to HK$766m from HK$748m.

Properties posted the sharpest gain as the market bought back shares following a sharp sell-off on Monday. They were helped by continuing reports of new apartment blocks enjoying strong market support.

Cheung Kong rose 10 cents to HK$8.05, Hongkong Land 10 cents to HK$7.85 and Sun Hung Kai Properties 10 cents to HK$10.70. Hongkong & Shanghai Bank was steady, closing at HK$5.55 before interim results which showed a 15 per cent rise in profit to HK$1.93bn.

TAIWAN shares were depressed by news that the Government is considering a sales tax on individual stock transactions. The weighted index fell 45.64 to 9,827.72.

In the latest attempt to tame the volatile market, a tax of as much as 2 per cent on each share transaction is being discussed, which could curb short-term trading radically.

Some analysts said the sudden discussion of the tax could be designed to cool the market through intimidation, adding that the tax was unlikely to be passed before parliamentary elections in December.

AUSTRALIA shook off a bout of early selling, and closed with the All Ordinaries index 2.2 points higher at 1,724.6 on a reported lack of willing sellers.

NEW ZEALAND's rally continued unabated, taking the Barclays index to yet another post-crash high, 41.60 points higher at 2,404.57.

The foreign appetite for Brierley Investments took volume in the stock to 2.8m shares (and the share price up another 2 cents to NZ$2.49) within total market volume of 15.4m shares worth NZ$35.6m, up from 12.3m shares worth NZ$22.9m on Monday.

Financial sector challenges its dull image

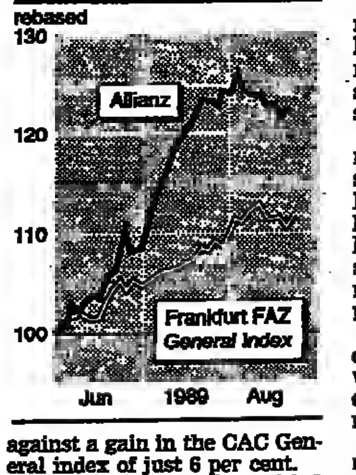
Alison Maitland on whether Europe is witnessing a long-term trend or a passing fad

THE FINANCIAL sector, ignored for years as dull and unpromising, has been firing the imagination of investors and brokers in continental Europe in the past few weeks.

Banking and insurance shares have made a particularly strong comeback in West Germany and Switzerland, but sentiment has also switched to financials in France and the Netherlands.

The broad explanation is a belief that interest rates in Europe have stopped rising, making bonds more attractive – good news for those banks and insurance companies with large bond investments. Banks are also enjoying swollen commission earnings from the concomitant strength of the stock markets, while insurance companies with large equity investments have seen the value of their assets grow.

As an example, Allianz, the West German insurance group, has climbed 22 per cent since the start of June, compared with a rise of 12 per cent in the FAZ index. Compagnie Bancaire, the French financial services company, has been a particular beneficiary of hopes for lower interest rates, surging 29 per cent in the past 12 weeks against a gain in the CAC General index of just 6 per cent.



The possibility of a US-led slowdown has made the earnings of industrial companies look vulnerable and investors have been taking profits in these cyclical stocks and moving into more defensive areas, notably financials.

At the end of April, steel and construction shares were the top performers in Germany and insurers were in bottom place, says Mr Jens Wiecking of Merck Finck, the West German bank. In the past six weeks they have swapped places.

Mr Wiecking reckons the recovery by insurance stocks has gone too far and is recommending a switch back into steels and into department stores and utilities.

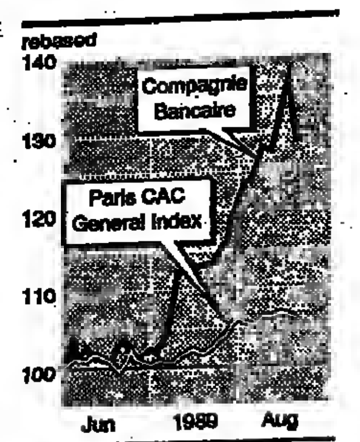
"The steels have had a correction of 15 per cent and are supported by good yields and a low price earnings ratio. They have bottomed out and don't look dangerous any more," he says. "The insurance companies, after such a dramatic rally, look more vulnerable."

His view illustrates the difficulty for investors in deciding whether the revival of financial stocks is a long-term phenomenon or a passing fad.

After all, the dollar's sharp rise in the past 10 days has shifted the focus back to the benefits for Europe's export-dependent manufacturers. And the strength of continental economies appears to be unabated, with capacity constraints and the prospect of the single market in 1992 driving up investment spending.

UBS Phillips & Drew, the brokers, caution against "so rapid a readjustment of portfolio weights (into financials) when the outlook for the German and European industrial economy still appears rosy."

To some analysts, the interest in financials appears to be more a gut reaction than a reasoned response to lower US interest rates. Others see it simply as a sectoral shift towards laggards in markets that are otherwise over-bought.



But there are fundamental reasons why these stocks are attracting renewed attention. One is the sharp increase in takeover and merger activity, which has excited speculation of more to come.

The past few weeks alone have seen Suez, the French banking group, bid for Compagnie Industrielle and Groupe Victoire, the insurance company; Victoire take control of its West German counterpart, Colonia; Deutsche Bank speed up its move into life insurance; and Bayerische Hypobank take a 50 per cent stake in Foreign & Colonial, the UK fund management group.

Then there are reasons peculiar to the local market. In Switzerland, for example, the insurers have been benefiting from an agreement with the European Community last month on access to each other's markets – which should help them after 1992. Tha banks have made healthy first-half recoveries, and they have put up a strong fight against proposals by the Swiss Cartel Commission which could damage their brokerage income.

According to Salomon Brothers, the US investment house, the shift into financial stocks will be a theme in continental Europe for at least the next six months – and they could benefit if and when the economic slowdown happens.

A Salomon study covering 1969 to 1988 showed that banks and insurance stocks in West Germany and Switzerland and insurers in Italy consistently outperformed their markets in the three periods of slower economic growth.

EUROPE

Surge by Victoire steals the glory in Paris

WIDESPREAD profit-taking in Europe yesterday failed to dent most gains too severely, while trading was enlivened in Paris by a surge in Groupe Victoire, *writes Our Markets Staff.*

PARIS saw an otherwise quiet day dominated by activity in Groupe Victoire, which traded for the first time since Suez bid for it and its main shareholder, Cie Industrielle.

Victoire opened at FFr2,030 after being suspended on August 4 at FFr1,035 and excessiva demand quickly forced another suspension. But it was re-quoted in the early afternoon when turnover of nearly 130,000 shares left it FFr915 higher at a closing FFr1,950 after trading up to FFr2,090 and down to FFr1,900.

Although this was a jump of 88 per cent, tha share closed below the FFr2,000 level at which Suez has said it will bid for Victoire if its attempt to take over Industrielle succeeds. Brokers said some investors wanted to realise profits at the end of this month rather than hold on through the next account and that others were nervous that Suez might withdraw its hostile bid or reach some agreement with Mr Jean-Marc Vernes, chairman of Industrielle.

Industrielle was also due to begin trading again, but excessive orders caused it to remain suspended. The brokerage houses of Suez and its rival bank Paribas – which has been rumoured as a possible backer for Mr Vernes in his defence against Suez – were both reported to have been bidding strongly for Industrielle. Suez lost FFr3.10 to FFr371.

The weak tone of the broader market was attributed to position-squaring on the penultimata day of the monthly account and to profit-taking following Wall Street's sharp fall on Monday night. The OMF 50 index lost 3.19 to 505.79 and volume was estimated at FFr1.7bn-FFr1.8bn.

FRANKFURT took a breather after Monday's 1.7 per cent rise, and the DAX index eased 2.39 points to 1,600.62. However, dealers took heart from economic and industrial pointers, like a 25 per cent jump in West German car production for July, and noted the market's resilience in ending above its troughs for the day.

One exception was the computer group, Nixdorf, which dropped DM9.50 to DM343.50 after disclosing a first half loss of DM297m. The FAZ index was computed 1.58 points higher at 659.71.

MILAN made its fourth consecutive high, although the profit-taking evident in Frankfurt pared back earlier gains. Among the day's top performers, Fiat rose L135 to L11,620 and the insurance company, Generali, by L695 to L46,695.

Meanwhile, other insurance stocks were boosted in the wake of the Suez bid for Victoire. The Ferruzzi group's La Fondiaria, which has been mentioned as a possible ally in Victoire's defence, rose another L600 to L63,500.

One broker said that profit-taking was especially evident in the banking sector, where Banca Commerciale Italiana slid by L65 to L5,515 and Credito Italiano by L53 to L2,945.

ZURICH finished higher after an early bout of selling, the latter largely in reaction to Wall Street's poor performance on Monday. The Crédit Suisse index rose by 1.6 to 670.2.

The mood of the market, said dealers, changed in response to a strong opening in Frankfurt; when that stimulus ran out, sentiment was sustained by lower domestic interest rates.

AMSTERDAM was hit by Wall Street's losses and the CBS tendency index closed 1.8 lower at 196.4 in modest turnover worth Fl 697m.

Van Ommeren Ceteco, the shipping, transport and trading company, lost Fl 1.10 to Fl 42.60 before being suspended for news of a 22 per cent fall in first half profits – compared with some analysts' expectations of a 10 per cent rise. One broker said there had been rumours of a poor result over the past days, and the share price has slipped.

NMB, the banking group, lost Fl 2 to Fl280 before announcing better than expected first half profits and a dividend rise.

Getronics, the electronics company, climbed Fl 2.40 to Fl 80.40 after sharply higher first half profits.

STOCKHOLM fell further after Monday's late plunge, although bargain-hunters trimmed losses. A series of below-expectations corporate results had triggered the declines. The Affärsvärlden General index fell 24.3 to 1,319.8.

Sandvik, the engineering group, saw its free B shares ease SKr10 to SKr365 after announcing a 20 per cent rise in first-half profits.

Ericsson free Bs lost SKr11 to SKr687 in active trading. The telecommunications company reports half-year results tomorrow.

BRUSSELS ended lower as operators cashed in recent profits at the start of the new fortnightly account. The cash index fell 13.70 to 6,470.19.

Acec-Union Minière, the newly-merged engineering and non-ferrous metals group, rose BFr70 to BFr616 as 110,600 shares changed hands, following reports about the recent strength of non-ferrous metals prices.

VIENNA hit a second record high in a row in heavy turnover, as foreigners showed active interest. The bourse index added 3.81 to 426.14.

HELSINKI closed higher in very active trade. The Unitas index added 4.3 to 783.4.

MADRID pursued its climb, with the general index up 1.07 at 315.81, but only the construction sector saw much activity.

FT-ACTUARIES WORLD INDICES

Jointly compiled by Tha Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Instituta of Actuaries and tha Faculty of Actuariee

NATIONAL AND REGIONAL MARKETS	MONDAY AUGUST 21 1989						FRIDAY AUGUST 18 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	150.67	+0.5	141.51	131.58	+0.3	4.72	148.39	141.48	131.21	157.12	128.28	152.28
Austria (19)	136.82	+0.3	128.51	139.20	+0.2	1.75	136.43	129.20	138.89	139.65	92.84	84.86
Belgium (63)	133.15	+0.0	125.06	134.45	−0.1	4.11	133.19	126.13	134.66	137.97	125.58	109.55
Canada (124)	150.81	−0.2	141.65	126.26	−0.6	3.12	151.10	143.09	129.00	153.59	124.67	117.75
Denmark (36)	200.33	+0.3	188.15	207.00	+0.2	1.51	199.78	189.18	206.69	219.89	165.36	120.72
Finland (26)	136.48	−0.5	128.19	126.48	−0.2	2.17	137.11	129.85	126.76	159.16	125.81	123.18
France (126)	126.45	+0.2	118.80	130.56	+0.0	2.89	126.25	119.57	130.61	133.44	112.57	88.01
West Germany (100)	96.11	+1.5	90.27	97.48	+1.2	2.09	94.71	89.69	96.28	100.53	79.56	72.38
Hong Kong (48)	105.90	−1.9	99.47	106.15	−1.9	6.12	108.00	102.28	108.25	140.33	86.41	103.97
Ireland (17)	154.28	+0.2	144.89	158.95	−0.1	2.64	153.81	145.78	159.11	166.69	125.00	130.49
Italy (97)	94.50	+1.0	88.75	98.68	+0.8	2.28	93.53	88.58	98.06	95.04	74.97	71.42
Japan (455)	187.73	+0.5	176.32	168.98	+0.3	0.47	186.78	176.88	168.53	200.11	164.22	163.60
Malaysia (36)	190.26	+0.3	178.70	197.37	+0.6	2.45	189.61	179.57	196.22	193.38	143.35	142.28
Mexico (13)	279.04	−0.4	262.09	777.98	+1.4	0.65	280.24	265.39	767.52	280.24	153.32	150.23
Netherland (43)	126.62	+0.4	118.93	127.14	+0.2	4.07	126.14	119.46	126.89	130.67	110.63	101.22
New Zealand (20)	84.04	+2.1	78.93	75.47	+1.5	4.49	82.30	77.94	74.32	84.04	62.64	77.29
Norway (24)	178.68	−1.3	187.82	172.92	−1.4	1.50	181.00	171.41	175.35	198.39	139.92	114.02
Singapore (26)	168.83	+0.6	158.57	152.76	+0.6	1.82	167.87	158.98	151.85	170.62	124.57	123.64
South Africa (60)	150.68	−2.2	141.50	141.64	+0.7	3.93	154.06	145.90	140.61	154.97	115.35	113.63
Spain (43)	156.18	+0.6	146.69	144.23	+0.3	3.57	155.30	147.08	143.77	158.06	143.14	142.69
Sweden (35)	182.18	−0.7	171.11	178.47	−0.9	1.95	183.49	173.77	180.03	188.94	138.45	112.41
Switzerland (64)	90.16	+0.7	84.68	93.93	+0.4	2.01	89.55	84.81	93.81	94.18	67.81	75.30
United Kingdom (308)	154.21	+0.8	144.84	144.84	+0.0	4.03	152.99	144.89	144.89	158.41	133.28	128.49
USA (551)	136.80	−1.5	130.36	136.80	−1.5	3.29	140.87	133.41	140.87	142.07	112.13	105.10
Europe (1001)	128.48	+0.7	120.68	125.73	+0.2	3.27	127.56	120.80	125.44	132.62	112.63	102.07
Nordic (121)	166.68	−0.4	158.43	161.90	−0.5	1.76	169.35	160.38	162.72	178.38	137.95	108.07
Pacific Basin (670)	183.34	+0.5	172.20	165.26	+0.2	0.70	182.45	172.78	184.87	194.72	160.44	160.77
Euro−Pacific (1671)	161.49	+0.6	151.68	148.38	+0.2	1.53	160.58	152.08	149.03	166.98	141.56	137.29
North America (675)	139.41	−1.4	130.94	138.15	−1.4	3.28	141.38	133.89	140.14	142.84	112.79	105.77
Europe Ex. UK (693)	112.24	+0.7	105.42	113.94	+0.4	2.69	111.49	105.58	113.45	116.28	96.30	85.68
Pacific Ex. Japan (215)	130.68	+0.1	122.74	118.81	−0.2	4.61	130.50	123.59	118.05	137.65	111.93	126.67
World Ex. US (1866)	161.09	+0.5	151.30	148.32	+0.2	1.60	160.26	151.77	148.50	166.35	141.49	136.39
World Ex. UK (2111)	151.86	−0.2	142.63	145.45	−0.4	1.88	152.21	144.14	145.99	155.66	136.98	123.89
World Ex. So. Af. (2359)	152.06	−0.1	142.82	145.40	−0.3	2.14	152.25	144.19	145.90	155.92	136.67	124.35
World Ex. Japan (1964)	135.22	−0.8	127.00	133.35	−0.8	3.33	138.02	128.81	134.36	138.23	114.51	105.43
The World Index (2419)	152.05	−0.1	142.82	145.37	−0.3	2.15	152.26	144.20	145.86	155.89	136.88	124.29

Latest prices were unavailable for this edition.